# BARNSLEY MBC

# STATEMENT OF ACCOUNTS

# 2016/17

SPECTEMUR AGENDO

BARNSLEY
Metropolitan Borough Council

# STATEMENT OF ACCOUNTS 2016/17

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# SECTION 1 - INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARNSLEY METROPOLITAN BOROUGH COUNCIL

## Independent auditor's report to the members of Barnsley Metropolitan Borough Council

We have audited the financial statements of Barnsley Metropolitan Borough Council for the year ended 31 March 2017 on pages 34 to 129. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Authority, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Chief Finance Officer and auditor**

As explained more fully in the Statement of the *Chief Finance Officer's* Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority and Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Narrative Statement to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority and the Group as at 31 March 2017 and of the Authority and Group's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

**Matters on which we are required to report by exception**

The Code of Audit Practice requires us to report to you if:

- The Annual Governance Statement which accompanies the financial statements does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' (CIPFA/SOLACE 2016 Edition); or
- the information given in the Narrative Statement for the financial year for which the financial statements are prepared is not consistent with the financial statements; or

- any matters have been reported in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of, the audit; or
- any recommendations have been made under Section 24 of the Local Audit and Accountability Act 2014; or
- any other special powers of the auditor have been exercised under the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

## Conclusion on Barnsley Metropolitan Borough Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

**Authority's responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

**Auditor's responsibilities**

We are required under Section 20(1) (c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Comptroller and Auditor General (C&AG) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by C&AG in November 2016, as to whether Barnsley Metropolitan Borough Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Barnsley Metropolitan Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Barnsley Metropolitan Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

**Conclusion**

On the basis of our work, having regard to the guidance issued by the C&AG in November 2016, we are satisfied that, in all significant respects, Barnsley Metropolitan Borough Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2017.

## Certificate

We certify that we have completed the audit of the financial statements of Barnsley Metropolitan Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

**Clare Partridge**

**For and on behalf of KPMG LLP, Statutory Auditor**
*Chartered Accountants*

1 Sovereign Square
Sovereign St
Leeds
LS1 4DA

# Barnsley Metropolitan Borough Council

# 2016/17 Narrative Report

# Introduction and Contents

This narrative report aims to outline the Authority's performance for the 2016/17 financial year in context with the financial information contained within this Statement of Accounts.

The report will cover:

# Introducing Barnsley

## Where is Barnsley?

**Barnsley** is a large town in **South Yorkshire**, located approximately halfway between Leeds and Sheffield. The **town centre** lies on the west bank of the Dearne Valley. **Barnsley** is surrounded by several smaller settlements which together form the **Metropolitan Borough of Barnsley**. The **borough** is dissected by the M1 motorway.



Barnsley shown within South Yorkshire

| | |
|---|---|
| OS grid reference | SE3406 |
| • London | 175 mi (281 km) SSE |
| Metropolitan borough | Barnsley |
| Metropolitan county | South Yorkshire |
| Region | Yorkshire and the Humber |
| Country | England |
| Sovereign state | United Kingdom |
| Post town | BARNSLEY |
| Postcode district | S70-S75 |
| Dialling code | 01226 |
| Police | South Yorkshire |
| Fire | South Yorkshire |
| Ambulance | Yorkshire |
| EU Parliament | Yorkshire and the Humber |
| UK Parliament | Barnsley Central |

## Demographic Profile of Barnsley

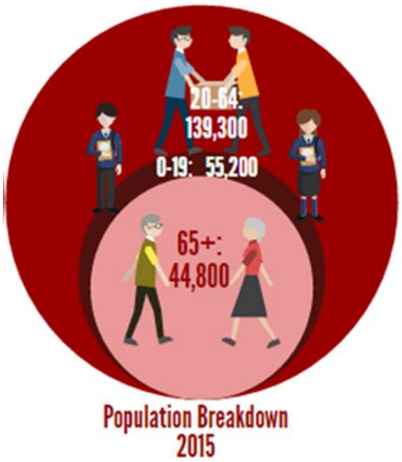
The latest data indicates that in 2015 there were 239,300 people living in Barnsley.

The Office for National Statistics (ONS) Mid-2014 based Population Projections for Barnsley show that the total population is expected to rise to **246,900** by **2021**.

According to the 2011 Census, **97.9%** of the Barnsley resident population were from a **white** ethnic background, **0.7%** of **mixed** group, **0.7% Asian** or **Asian British**, **0.5%** were **Black/ African/Caribbean** or **Black British** with **0.2% other**.

However the latest National Insurance figures show that our demographics are changing due to the increasing number of new arrivals particularly from Romania and Poland.

*Figure 1.* Population Breakdown in Barnsley 2015




Source: Office for National Statistics mid 2015 population estimates

## Economy, Education and Health

In 2016 (January to December), nearly three quarters (**71%**) of those aged 16 – 64 years old are **in employment** and **5.3%** are **unemployed**. A further **24.9%** are **economically inactive**. Almost **34.4%** of those who are economically inactive are **long-term sick**.

Just over half (**55.2%**) of children achieved **five or more GCSEs** (grades A* - C including English and Maths) in 2016. The proportion of residents with **no qualifications** in 2016 (January to December) [1] was 10.7%.

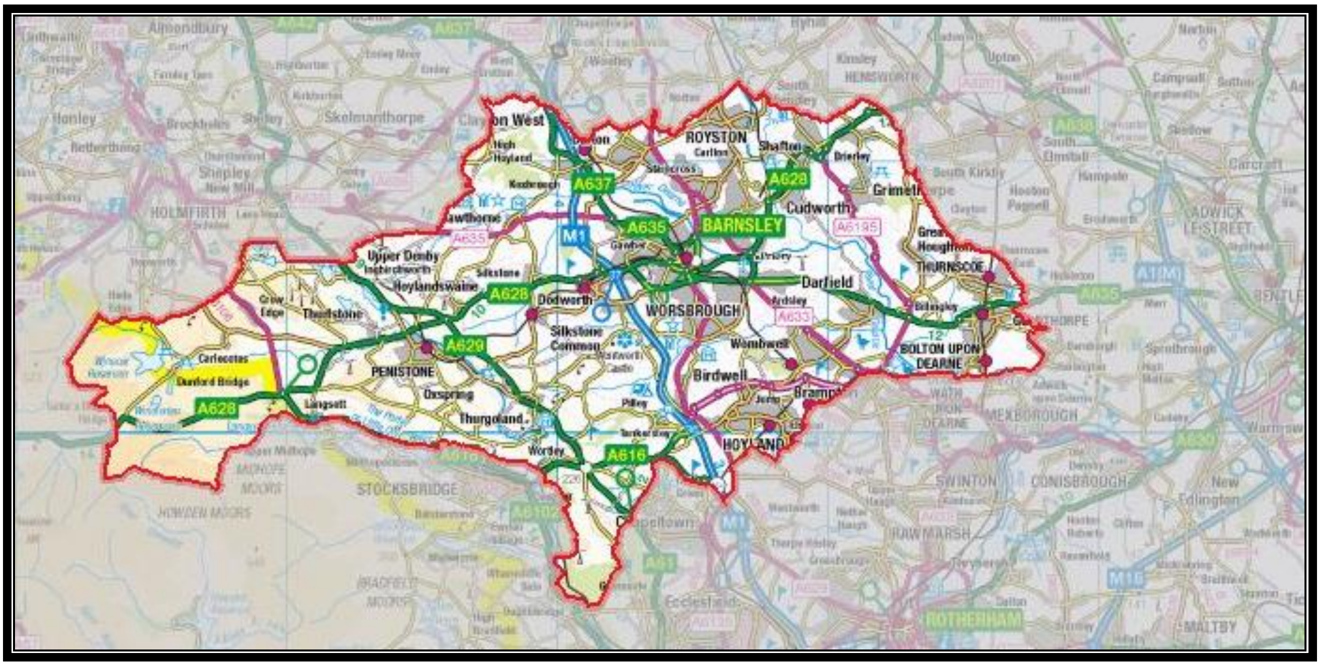
Significant health inequalities remain in Barnsley. Life expectancy at **birth** for Barnsley **men** is **77.9** years (2013 – 2015). Since 2001 – 2003, life expectancy at birth for men in Barnsley has **increased** by **3.3 years** (from 74.6 years to 77.9 years).

Life expectancy at **birth** in Barnsley for **women** is **81.6** years (2013 – 2015). Since 2001 – 2003, life expectancy at birth for women in Barnsley has **increased** by **2.0 years** (from 79.6 years to 81.6 years).

**Men** at birth in Barnsley could expect to live **6.4 years less** than the average in **"good" health** (2013 – 2015). Healthy life expectancy at birth for **men** in Barnsley has **decreased** by **0.3 years** from 2010 – 2012 to 2013 – 2015 (57.3 to 57.0 years), and the proportion of life spent in "good" health has decreased from 73.7% to 73.2%.

**Women** at birth in Barnsley could expect to live **6.7 years less** than the average in **"good" health** (2013 – 2015). For **women** in Barnsley, healthy life expectancy at birth has **increased** by **0.6 years** from 2010 – 2012 to 2013 – 2015, and the proportion of life spent in "good" health has also increased from 69.8% to 70.3%.

## Interactive Maps of the Borough




These interactive maps give key information about both the Borough in general and more specifically about the Council's functions. The interactive maps that can be viewed from the link below include:


The link to all of the above maps is here:

**https://www.barnsley.gov.uk/barnsley-maps/barnsley-interactive-maps/**

# Introducing Barnsley Metropolitan Borough Council

## Who We Are

**Barnsley Metropolitan Borough Council**, created on **1 April 1974** is the local authority of the Metropolitan Borough of Barnsley in **South Yorkshire**, England. It is a **Metropolitan District Council**, one of four in South Yorkshire and one of 36 in the metropolitan counties of England, and provides the majority of **local government services** in Barnsley.

Further information on the Council's **Constitution** can be found on the Council's website and via the link below:

[Council's Constitution]

## Local Councillors (The Council)

**Local Councillors** are elected by the community to decide how the **Council** should carry out its various activities. They represent **public interest** as well as individuals living within the ward in which he or she has been **elected** to serve a term of office.

They have regular contact with the **general public** through council meetings, telephone calls or surgeries. **Surgeries** provide an opportunity for any ward resident to go and talk to their **Councillor** face to face and these take place on a regular basis.

A list of current **Councillors** can be found on the Council's website and via the link below:

[Councillors]

**Barnsley Metropolitan Borough Council**

Third of council elected three years out of four

Coat of arms

| | |
|---|---|
| **Type** | |
| Type | Metropolitan district council of the Metropolitan Borough of Barnsley |
| Houses | Unicameral |
| Term limits | None |
| **History** | |
| Founded | 1 April 1974 |
| **Structure** | |
| Seats | 62 councillors |
| Joint committees | Barnsley, Doncaster, Rotherham and Sheffield Combined Authority |
| Labour | 54 / 62 |
| Conservative | 4 / 62 |
| Barnsley Independent Group | 4 / 62 |

## The Cabinet

**The Cabinet** is composed of the **Leader** and seven other **Councillors**, who are all members of the **biggest political group** of the Council. It has overall responsibility for the services that the Council provides and works within the **overall policies** and **budget** agreed by the Council.

Recommendations on major items of **policy** and on the **annual budget** and **capital programme** are passed to the Council for consideration and **approval**.

Details of **Council**, **Cabinet** and **other committees**, including decisions / reports can be found on the Council's website and via the link below:

[Committee Details]

## Council Structure & Senior Management Team

During 2016/17, our council was structured into three main service delivery business units: **Communities**, **Place**, and **People**, which are supported by a central suite of **Core Services** including:

- Human Resources, Performance and Communications;
- Finance, Assets and Information Technology; and
- Legal and Governance.

**Public Health** services are also part of the council structure.

The latest **management structure** can be found on the Council's website and via the link below:

[Management Structure]

## Our Corporate Plan

**The Corporate Plan sets out what Barnsley Council aims to achieve over the next three years for our customers and the community. It explains what we want to do, how we are going to do it and how we will measure that we are on track to achieve it.**

Our organisation has changed **significantly** over the last three years as we have commenced our Future Council Strategy and programme. This has challenged us to **change** our culture or 'the way we do things around here' and deliver services in **more innovative** ways, whilst also delivering the planned **savings and efficiencies**.

We now have a **new, inspiring** and **forward looking** vision developed by our employees, 'working together for a brighter future, a better Barnsley'. We want to work **more** with our communities, **support** people to achieve their potential and we want our residents to think and feel we are making a real **difference** together.

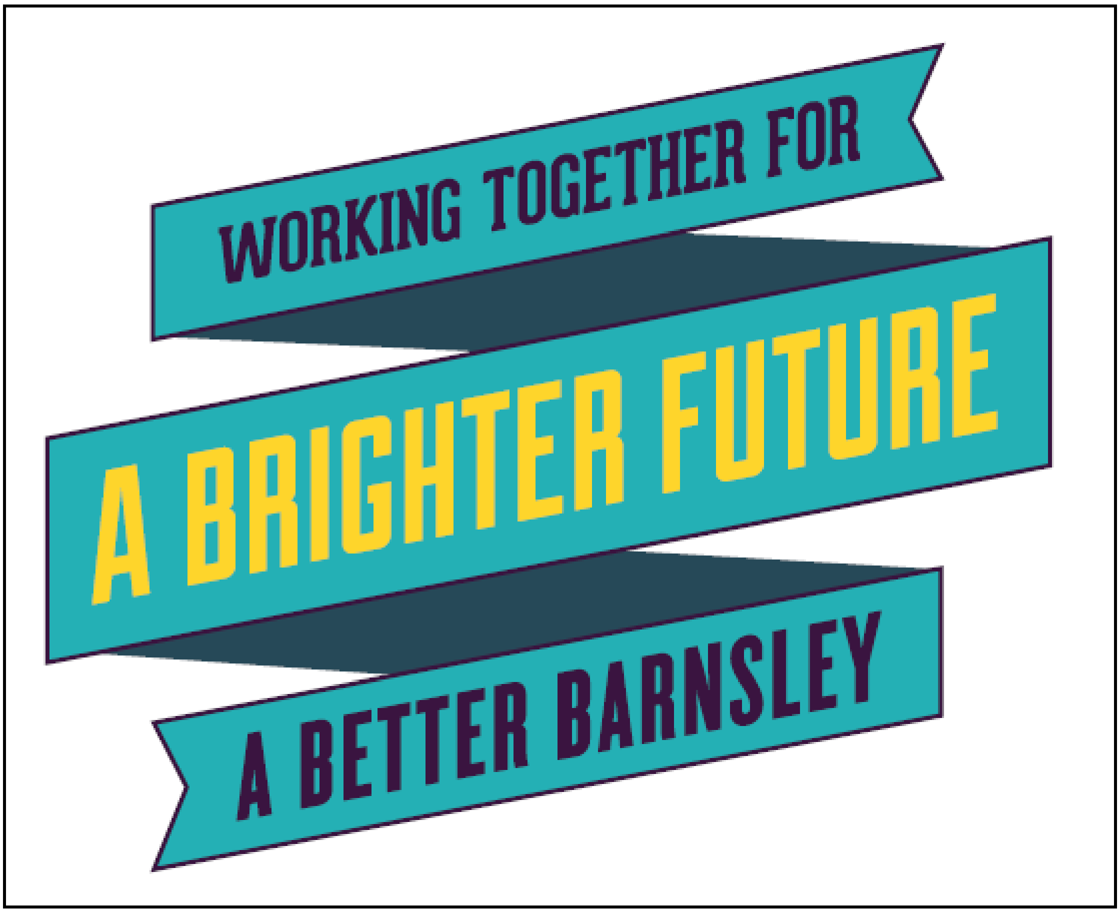
Like many other public sector bodies, we face many further challenges and changes over the next three years. We remain **committed** to responding to these **positively** as well as making a real difference to people's lives. Our Corporate Plan enables us to be **clear** about our priorities, **how** we are going to work, and what **differences** we are going to **achieve** with the reducing amount of resources available to us.

We continue to have a **high** level of ambition and aspiration and will do our **very best** to support Barnsley, its people, communities, partners and businesses to thrive and achieve. Residents, communities and customers of Barnsley continue to be our **number one priority**.

| | |
|---|---|
| **OUR CORPORATE PLAN** | https://www2.barnsley.gov.uk/media/3704553/corporate_plan_2015-18.pdf |

## Our Vision

**We have developed a new and inspiring vision for Barnsley, supported by values that will help us to drive change and improvement and to achieve our priorities and outcomes.**



## Our Values

**Our core values are the 'way we do things around here' and will help pull the organisation in the same direction towards achieving our vision and priorities.**


**We're Proud**
*We're dedicated to making Barnsley a better place. We take pride in our work*


**We're Honest**
*We always say what we mean. Most of all we're reliable, fair and true*


**We'll be Excellent**
*We work really hard to provide the best quality and value for money for the people of Barnsley. Only our best is good enough*


**We're a Team**
*We all work together towards the same goal – to make Barnsley a better place for the people who live, work and visit here*

## Our Priorities

**Our three main priorities are considered to be the areas that warrant greater attention, emphasis and possibly resources, in order to influence other areas of activity and make the greatest impact overall. This is where we will focus our performance management and reporting arrangements to keep a closer eye on how well we are doing.**

### THRIVING & VIBRANT ECONOMY

We have developed a long-term plan to grow the economy for the borough. We are keen to work with and support the private sector, supporting them to create better conditions and infrastructure, helping to safeguard existing jobs and businesses and stimulate the growth of more and better jobs and homes. We want to make sure there are more job opportunities for Barnsley residents, to help the local economy, provide positive role models for young people, and reduce the extent of worklessness and poverty across the borough.

We will achieve this through delivering the following outcomes:

- **Create more and better jobs and good business growth**
- **Increase skills to get more people working**
- **Develop a vibrant Town Centre**
- **Strengthen our visitor economy**
- **Create more and better housing**

### PEOPLE ACHIEVING THEIR POTENTIAL

It is important for the future of the borough that we help children, young people and families to achieve their potential and have the right skills and qualifications to access better education, employment or training. We also want to encourage young people to make a positive contribution in their communities. We have a crucial role in protecting and safeguarding the most vulnerable and at risk of harm. We will continue to challenge and raise our standards whilst looking at how we can manage and reduce demand more effectively. For people to achieve their potential we need to create a healthier, happier, independent and more active population.

We will achieve this through delivering the following outcomes:

- **Every child attends a good school**
- **Early, targeted support for those that need it**
- **Children and adults are safe from harm**
- **People are healthier, happier, independent and active**

### STRONG & RESILIENT COMMUNITIES

We need to ensure better use of the physical assets, skills and knowledge that are in every community in Barnsley, so that we can utilise these resources more efficiently. Working together with the community, customers and partners becomes more important as we try to reduce the dependency on council services by creating stronger communities and designing innovative and different services.

We will achieve this through delivering the following outcomes:

- **People volunteering and contributing towards stronger communities**
- **Protecting the Borough for future generations**
- **Customers can contact us easily and use more services online**

## Our Approach

**People are at the heart of helping us to improve and achieve our priorities. Whether this is through strong leadership, governance and accountability, skilling up and learning new things, displaying the values in everything we do, recognising and celebrating success or being supported to learn from things that don't go so well. This is cultural change and organisational health, which we have described as One Council.**

ONE COUNCIL

To deliver our vision, priorities and outcomes we need to continue to **change** and **improve** our organisation and its culture. To do this, we have identified ten things that we need to continue to develop, improve and embed across the organisation:

- **Clear vision and values** – we will make sure our employees, partners, customers and the community are aware of our vision and values and what we are trying to achieve.
- **Customer focus** – we will understand all our customers and put them at the centre of everything we do.
- **Commercial and business acumen** – we will focus on outcomes and making every penny count.
- **Effective delivery of projects and programmes** – we will strengthen and standardise our approach to ensure integrity, accountability and value for money.
- **Innovative and managed risk taking** – we will remove barriers and bureaucracy and encourage, support and empower our employees to identify and implement suggestions and improvements.
- **Learning organisation** – we will invest in our people, recognise success and achievement and become stronger from our failures.
- **Leaders at every level** – we will have leaders at every level of the organisation who are highly skilled, motivated and empowered to respond effectively to local needs.
- **Flexible workforce** – we will ensure our workforce is healthy, agile, flexible and supportive of change with skills that can be deployed in different ways to meet our customers needs.
- **Working with our partners, communities and residents** – we will work together to identify and meet local needs through joint and informed planning and decision making.
- **Enabling organisation** – we will enable our partners, communities and residents to do more for themselves.

# Our 2016/17 Corporate Performance

## 2016/17 Revenue Budget Monitoring Overview

Executive Overview:

Actual net expenditure for the year was **£162.8M** against a budget of **£168.7M**, giving a total **increase** in balances of **£5.9M**. This is comprised of an increase in **General Fund Balances** of **£7.4M** and a decrease in **School Balances** of **£1.5M**.

The overall increase in General Fund Balances (excluding schools) is comprised of the Authority's total **in year surplus of £30.9M**, net of **reserves utilised in the year totalling £23.5M.** The decrease relating to Schools' Balances relates to an **in year surplus of £3.6M**, net of **brought forward reserves totalling £5.1M**.

It should be noted that a large proportion of this total 'surplus' **does not** represent spare cash as the majority of the in year surplus is a consequence of one-off events during the year and scheme / project slippage. Therefore, it has been necessary to earmark **£28.2M** of this balance to fund schemes continuing to completion in the 2017/18 financial year.

The remaining balance of **£2.7M**, predominantly relating to one-off contributions and other events during the year, has been transferred to the Authority's **Strategic Reserves**, pending further consideration of the Authority's Medium Term Financial Strategy and 'Future Council' processes.

Individual quarterly revenue monitoring reports for 2016/17 can be accessed via the links below:

| Quarter | Date Presented to Cabinet | Cabinet Reference | Link to Cabinet Meeting |
|---|---|---|---|
| **1** | 07/09/2016 | Cab.7.9.2016/8 | Quarter 1 Cabinet |
| **2** | 30/11/2016 | Cab.30.11.2016/8 | Quarter 2 Cabinet |
| **3** | 08/03/2017 | Cab.8.3.2017/8 | Quarter 3 Cabinet |
| **Final Accounts** | 14/06/2017 | Cab.14.6.2017/8 | Final Accounts Cabinet |

# STATEMENT OF ACCOUNTS 2016/17

## Net Revenue Expenditure 2016/17

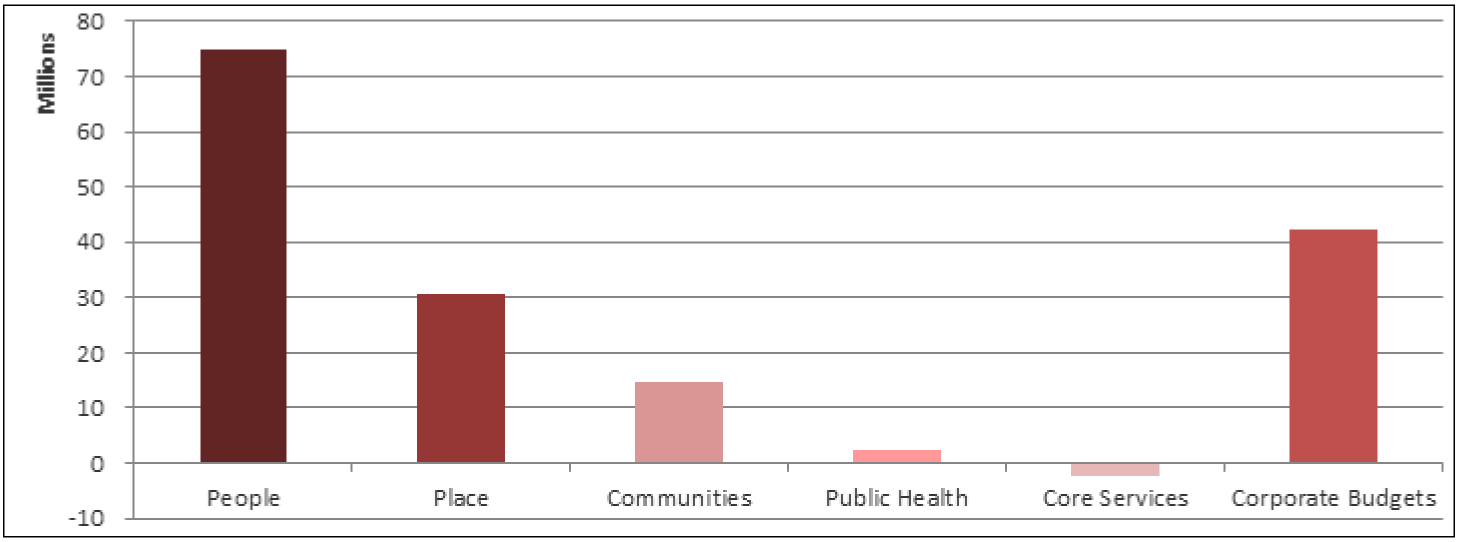
The table and charts below show the management accounts per the reporting structure (directorates) of the Authority including the **amounts earmarked** into 2017/18:

| **Management Accounts** | **Year End Budget #** | **Actual** | **Over / (Under) Spend** | **Earmarked Into 2017/18** | **Operational Over / (Under) Spend** |
|---|---|---|---|---|---|
| | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| People | 70,246 | 74,904 | 4,658 | 3,629 | 8,287 |
| Place | 29,903 | 30,823 | 920 | 836 | 1,756 |
| Communities | 18,026 | 14,594 | (3,432) | 3,043 | (389) |
| Public Health | 3,347 | 2,499 | (848) | 848 | - |
| Core Services | (209) | (2,250) | (2,041) | 2,233 | 192 |
| **Total Services** | **121,313** | **120,570** | **(743)** | **10,589** | **9,846** |
| Corporate Budgets | 75,933 | 42,191 | (33,742) | 21,135 | (12,607) |
| **Total** | **197,246** | **162,761** | **(34,485)** | **31,724** | **(2,761)** |

# Year End Budget consists of approved 2016/17 budget (£168.2M), Parish Precepts (£0.4M) and Reserves Utilised from 2015/16 (£28.6M).

The chart below shows the net revenue expenditure **per Council directorate** for 2016/17:

**Net revenue expenditure** for Barnsley BMBC per directorate 2016/17

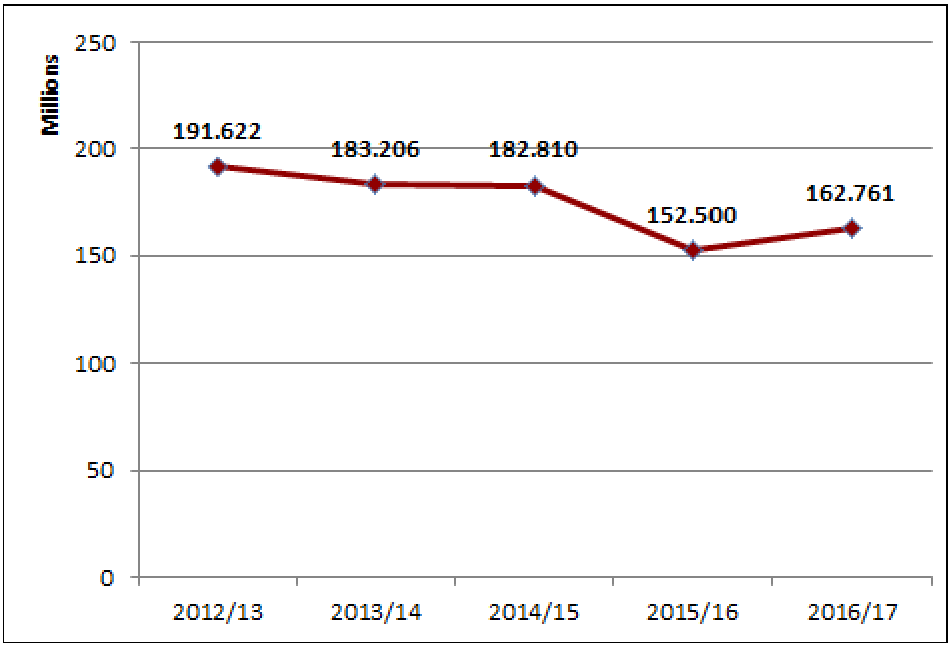


## Trend Analysis – Net Revenue Expenditure

The table and chart below shows the historical trend in respect of Council net revenue expenditure over the last 5 financial years.

| **Financial Year** | **Net Revenue Expenditure** |
|---|---|
| | **£000s** |
| 2012/13 | 191,622 |
| 2013/14 | 183,206 |
| 2014/15 | 182,810 |
| 2015/16 | 152,500 |
| 2016/17 | 162,761 |

*Figure 4.* **Net revenue expenditure** for Barnsley MBC 2012/13 to 2016/17. N.B. This chart includes expenditure funded from one off earmarkings, which are carried forward from previous years.

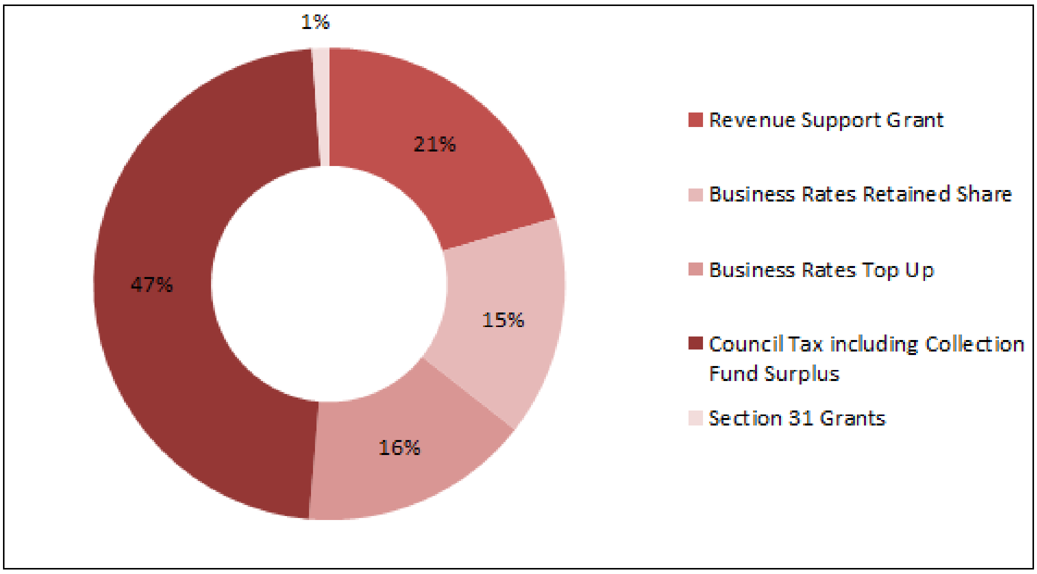


Corporate Funding 2016/17

The Authority set a net revenue expenditure budget of **£168.7M** for 2016/17 (including **£0.4M** in respect of parish precepts) which was funded from grants from Central Government including Revenue Support Grant (RSG) and business rate top up grant, the locally retained element of the business rates retention scheme, Section 31 Grants and income from Council Tax payers.

The chart and table overleaf analyses the **proportion** of income received by the Authority from these sources during the year. The level of RSG is determined by Central Government whereas income from business rates and Council Tax is determined locally.

| 2016/17 Revenue Budget – Corporate Funding: | £000s |
|---|---|
| Revenue Support Grant | 34,560 |
| Business Rates Retained Share | 25,440 |
| Business Rates Top Up | 26,655 |
| Council Tax including Collection Fund Surplus | 80,010 |
| Section 31 Grants | 1,994 |
| **Total Net Revenue Expenditure Budget** | **168,659** |



General Fund Reserves Analysis

The table below shows the movement on the **General Fund Reserves** in the 2016/17 financial year:

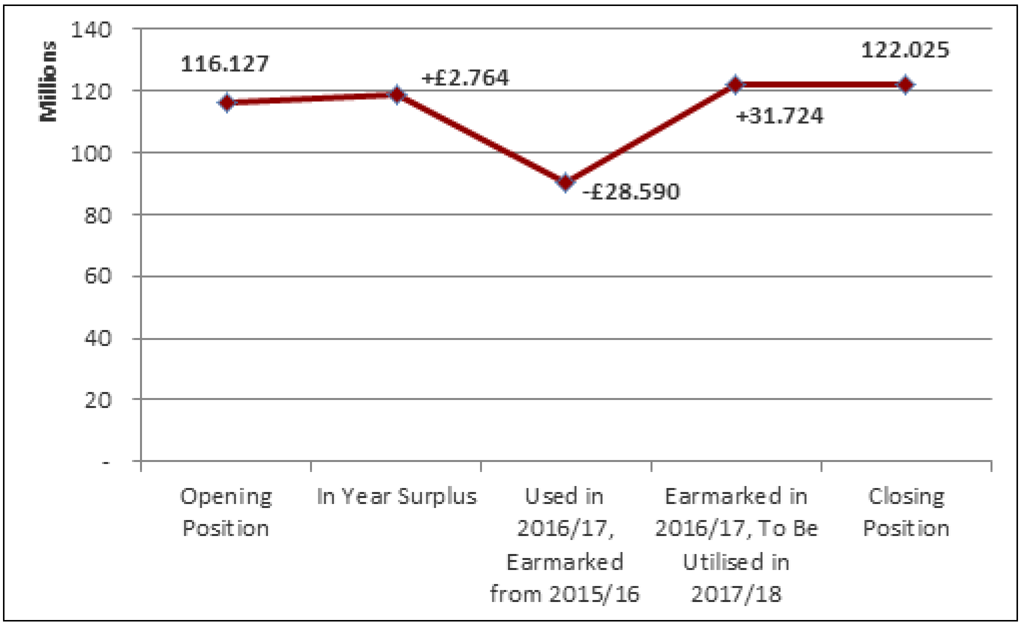
| | £000s |
|---|---|
| 2016/17 Actual Net Revenue Expenditure | 162,761 |
| 2016/17 Revenue Budget – Corporate Funding | (168,659) |
| | |
| **(Increase) / Decrease in General Fund Reserves** | **(5,898)** |

Each year, the Authority submits 'earmarking' requests to Cabinet in respect of specific projects which are to be carried in to the forthcoming financial year.

A further breakdown relating to the **utilisation / earmarking** of the Authority's reserves is shown below:

| | £000s |
|---|---|
| **General Fund – General Reserves:** | |
| In Year Surplus | (2,764) |
| | **(2,764)** |
| **General Fund – Earmarked Reserves:** | |
| Used in 2016/17, Earmarked from 2015/16 | 28,590 |
| Earmarked in 2016/17, To Be Utilised in 2017/18 | (31,724) |
| | **(3,134)** |
| | |
| **(Increase) / Decrease in General Fund Reserves** | **(5,898)** |

*Figure 5.* Movement on **General Fund Reserves** for Barnsley MBC in 2016/17



# STATEMENT OF ACCOUNTS 2016/17

Reconciliation between Final Accounts Report and Surplus / Deficit on Provision of Services

The Expenditure and Funding Analysis provides a **reconciliation** between the Authority's **management accounts** presented to Members and the **financial accounts** that are included within the Comprehensive Income & Expenditure Statement, within this Statement of Accounts, including the movement in general fund and HRA reserves. The reconciliation takes into account the statutory provisions of Local Authority accounting as prescribed by CIPFA's Code of Practice.

The table below shows the statutory adjustments to the management accounts, resulting in the Surplus / Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement. The total adjustments have also been presented against General Fund and HRA:

| | HRA £000s | General Fund £000s | Total £000s |
|---|---|---|---|
| **Net Expenditure as per Management Accounts** | **-** | **162,381** | **162,381** |
| **Adjustments Excluded From Surplus / Deficit As Per Statutory Provisions:** | | | |
| Statutory Provision for Repayment of Debt | (1,951) | (4,928) | (6,879) |
| Capital Expenditure Charged to the General Fund / HRA | (4,346) | (97) | (4,443) |
| Adjustment to Financing Costs To Follow Statutory Provisions | (78) | (579) | (657) |
| Reversal of Major Repairs Allowance Credited to the HRA | (5,843) | - | (5,843) |
| Statutorily Required Transfer of the Surplus / Deficit on the HRA | (961) | - | (961) |
| **Sub Total – Amounts Excluded from Surplus / Deficit** | **(13,179)** | **(5,604)** | **(18,783)** |
| **Adjustments To Be Included In Surplus / Deficit As Per Statutory Provisions:** | | | |
| Statutory Adjustments for Non-Current Asset Accounting | (64,663) | 51,614 | (13,049) |
| Corporate Revenue Income | - | (168,277) | (168,277) |
| Statutory Adjustment for Capital Grants | - | (21,404) | (21,404) |
| Statutory Adjustment for Collection Fund | - | (3,623) | (3,623) |
| Statutory Adjustment for Pension Accounting (IAS 19) | - | 5,235 | 5,235 |
| Statutory Adjustment for Employee Benefit Accounting (IAS 19) | - | 2,303 | 2,303 |
| **Sub Total – Amounts To Be Included in Surplus / Deficit** | **(64,663)** | **(134,152)** | **(198,815)** |
| | | | |
| **As per Comprehensive Income & Expenditure Statement** | **(77,842)** | **22,625** | **(55,217)** |
| | HRA | | CI&ES |

Key Contingencies

The Authority holds a level of general reserves as a **contingency for unforeseen events**. The amount in respect of these minimum working balance reserves as at 31st March 2017 totals **£15.0M** (£15.0M as at 31st March 2016).

This is presented within Note 7 of this statement of accounts.

# 2016/17 Capital Programme Monitoring Overview

Executive Overview:

In 2016/17, the Council spent **£68.6M** through its capital programme. The majority of the expenditure incurred related to the Council's operational land & buildings and its Council Dwellings.

The **capital expenditure** was funded from **£53.8M** worth of the Council's own resources and **£14.8M** of prudential borrowing / leasing.

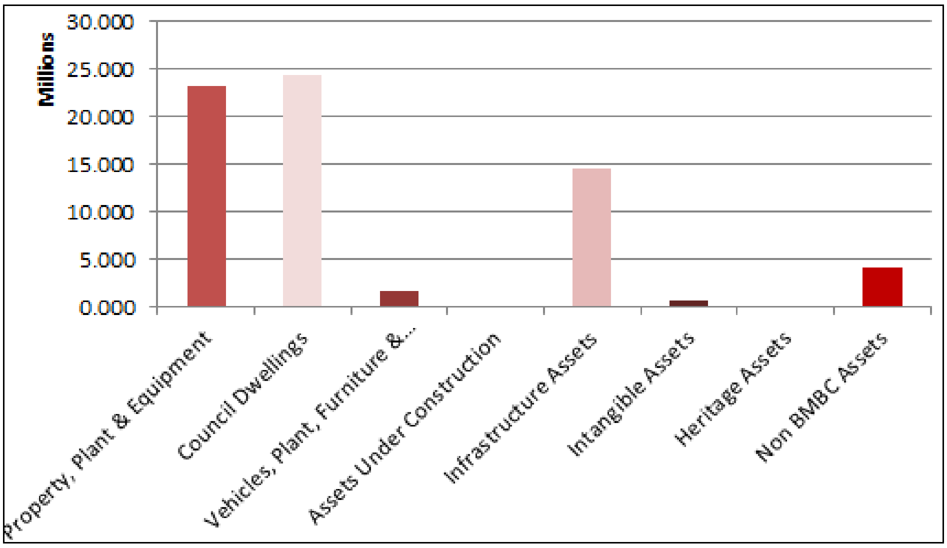
Individual quarterly capital programme monitoring reports for 2016/17 can be accessed via the links below:

| Quarter | Date Presented to Cabinet | Cabinet Reference | Link to Cabinet Meeting |
|---|---|---|---|
| **1** | 07/09/2016 | Cab.7.9.2016/9 | Quarter 1 Cabinet |
| **2** | 30/11/2016 | Cab.30.11.2016/9 | Quarter 2 Cabinet |
| **3** | 08/03/2017 | Cab.8.3.2017/9 | Quarter 3 Cabinet |
| **Final Accounts** | 14/06/2017 | Cab.14.6.2017/9 | Final Accounts Cabinet |

Asset Expenditure

**Capital expenditure** during the year amounted to £68.6M (£77.5M in 2015/16), including Private Finance Initiative and other finance lease purchases. The table and chart below analyses the capital expenditure against the Council asset categories.

| **Asset Category** | **2016/17 £000s** |
|---|---|
| Property, Plant & Equipment | 23,152 |
| Council Dwellings | 24,464 |
| Vehicles, Plant, Furniture & Equipment | 1,558 |
| Assets Under Construction | - |
| Infrastructure Assets | 14,485 |
| Intangible Assets | 769 |
| Heritage Assets | - |
| Non BMBC Assets | 4,200 |
| **Total** | **68,628** |



Details of Material Asset Groups Acquired / Enhanced

Below shows the **material assets/groups** that the Authority has spent its capital expenditure on in 2016/17, together with a high level description of what the expenditure relates to:

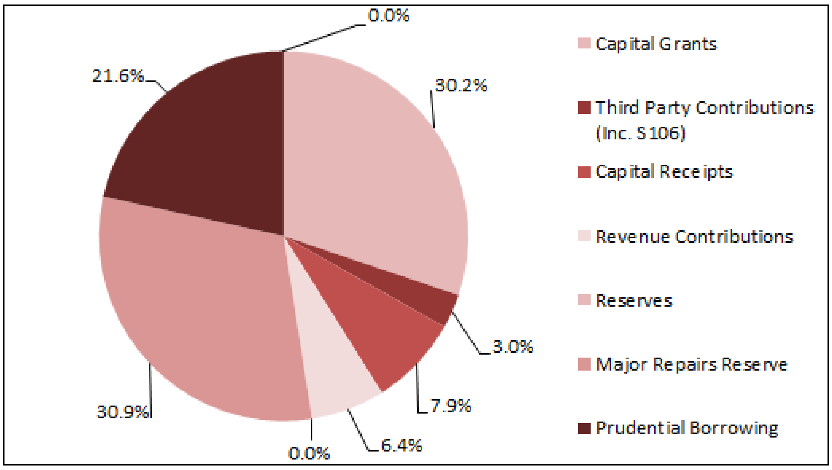
| **Asset Group** | **Description** | **2016/17 Expenditure £000s** |
|---|---|---|
| Highways - Footways Surfacing | Highways expenditure on the Borough's footways | 1,611 |
| Highways - Lighting | Highways expenditure on the Borough's street lighting | 1,289 |
| Highways - Road Surfacing | Highways expenditure on the Borough's road network | 9,948 |
| Housing Stock | Properties bought by the Authority from private owners, immediately included in Housing Stock | 1,588 |
| Proposed Housing Stock | Properties bought by the Authority from private owners, with the intention of recycling into housing stock | 2,237 |
| Barnsley Markets | Enhancing expenditure on Barnsley Markets in the Town Centre as part of the Better Barnsley Scheme | 3,643 |
| Additional School Places | Enhancing expenditure on creating additional school places in the Borough's schools | 2,447 |
| Development Land | Purchase of piece of land at Junction 36 of the M1, Birdwell | 1,000 |
| | | |

Sources of Capital Finance

The chart below shows the major sources of **financing** capital expenditure:

| **Funding Source** | **2016/17 £000s** |
|---|---|
| Capital Grants | 20,707 |
| Third Party Contributions (Inc. S106) | 2,052 |
| Capital Receipts | 5,429 |
| Revenue Contributions | 4,418 |
| Reserves | 25 |
| Major Repairs Reserve | 21,190 |
| Prudential Borrowing | 14,807 |
| Leasing | - |
| **Total** | **68,628** |

# STATEMENT OF ACCOUNTS 2016/17




Details of Material Assets Disposals

The Council disposed of a number of assets during 2016/17. The **material disposals** are shown in the table below.

| Asset | Description | 2016/17 Asset Value Disposed £000s |
|---|---|---|
| School Academy Transfers | Authority Schools Converted to Academy in 2016/17 | 9,743 |
| Council House Sales | Council Dwellings Sold | 6,241 |
| | | |

# 2016/17 Performance Monitoring Overview

Executive Overview:

A set of performance indicators have been developed and aligned to our priorities in the Corporate Plan. This allows us to monitor the delivery of outcomes. At the end of the 2016/17 reporting period, we reported on 110 Corporate Plan Performance Indicators. 53 indicators achieved their target, 12 were within 10% of achieving their target and 45 did not achieve the annual target.

The chart below shows the breakdown of Performance by priority:

| Priority | Red | Amber | Green | Total |
|---|---|---|---|---|
| Thriving & Vibrant Economy | 9 | 4 | 16 | 29 |
| People Achieving Their Potential | 27 | 4 | 21 | 52 |
| Strong and Resilient Communities | 9 | 4 | 13 | 26 |
| One Council | 0 | 0 | 3 | 3 |
| **Total** | **45** | **12** | **53** | **110** |

Individual quarterly performance reports for 2016/17 can be accessed via the links below:

| Quarter | Date Presented to Cabinet | Cabinet Reference | Link to Cabinet Meeting |
|---|---|---|---|
| **1** | 07/09/2016 | Cab.7.9.2016/7 | Quarter 1 Cabinet |
| **2** | 30/11/2016 | Cab.30.11.2016/7 | Quarter 2 Cabinet |
| **3** | 08/03/2017 | Cab.8.3.2017/7 | Quarter 3 Cabinet |
| **Final Accounts** | 14/06/2017 | Cab.14.6.2017/7 | Final Accounts Cabinet |

# 2016/17 Treasury Management Overview

Executive Overview:

Within the context of challenging economic conditions, the 2016/17 Treasury Strategy has continued to be based around **minimising** debt interest payments and **maximising** investment returns within the key principle of capital preservation.

The Authority minimised debt interest payments by having a total of **£70M** in **temporary** loans as at 31st March 2017 with an average rate of **0.54%**. **No long-term borrowing** was undertaken during the year. **Temporary cash** surpluses were invested in the money markets during the year and all investments were made in accordance with the Annual Investment Strategy.

The Council is continuing to explore the option of borrowing from the Municipal Bond Agency, with the first bond issue being planned for early 2017/18. Cheaper capital finance arranged through the Bond Agency could reduce pressure on Council finances.

An ongoing review of treasury management activities is taking place including a revised Minimum Revenue Provision and **optimising** the Council's longer term borrowing position through other refinancing opportunities.

Individual quarterly treasury management reports for 2016/17 can be accessed via the links below:

| Quarter | Date Presented to Cabinet | Cabinet Reference | Link to Cabinet Meeting |
|---|---|---|---|
| **1** | 07/09/2016 | Cab.7.9.2016/10 | Quarter 1 Cabinet |
| **2** | 30/11/2016 | Cab.30.11.2016/10 | Quarter 2 Cabinet |
| **3** | 08/03/2016 | Cab.8.3.2017/10 | Quarter 3 Cabinet |
| **Final Accounts** | 14/06/2017 | Cab.14.6.2017/10 | Final Accounts Cabinet |

# Other Key Components of our 2016/17 Balance Sheet

## Summary of the Authority's Borrowing Position as at 31st March 2017

The Authority's **total debt outstanding** as at 31st March 2017 (including borrowing undertaken during the year) stands at **£779.4M**, **inclusive** of **£226.8M** of liabilities relating to PFI and finance leases and **excluding £5.3M** of accrued interest and other Local Authority Debt of **£6.9M**.

The Authority's borrowing is undertaken in accordance with the Prudential System which provides the regulatory framework to ensure that **all** borrowing is **prudent, affordable** and **sustainable**. This includes a set of indicators, some of which are mandatory, which enable debt to be managed in accordance with the framework. This includes the setting of an authorised limit for the absolute level of borrowing which cannot be exceeded. For 2016/17, this **limit** was set at **£990.6M** [including finance leases related to PFI] with **actual borrowing** in the year being some **£211.2M lower**.

## Summary of the Authority's Pension Liabilities as at 31st March 2017

The Authority accounts for its pension fund liabilities in accordance with IAS 19, which means that it accounts for the costs of retirement benefits when entitlement to those benefits has been earned rather than when they are actually paid to employees, which may be many years into the future. These future liabilities are to be met by fund assets which are acquired from employer and employee contributions and subsequently invested for a return. As at 31st March 2017, fund liabilities **exceeded** fund assets by **£468.2M**. This gap has to be made good over time from a combination of improved investment performance, increases in employee and employer contributions and / or changes to scheme benefits. A triennial actuarial review assesses key assumptions and agrees any changes, including any increase in employer contributions, for a subsequent 3 year period with the aim of having a **100% funded scheme** over the longer term. The latest review applies to the period 1st April 2014 to 31st March 2017.

## Summary of the Authority's Key Provisions as at 31st March 2017

The Authority accounts for the uncertain nature of particular transactions through provisions on its balance sheet, in accordance with the Accounting Code of Practice. The Authority has two significant provisions on its balance sheet, which are summarised below:

- Insurance Fund: The Authority sets aside a provision to account for the uncertain nature in both value and timing of insurance claims that may be brought against it. The value of this provision is based on the estimated outstanding claims currently lodged with the Authority, which as at 31st March 2017 totalled **£4.2M**;

- Business Rates Appeals: The Authority makes provision for any potential appeals, including backdated appeals, in relation to the business rates it levies on to businesses in the Borough. The provision is based on the estimated successful appeals that are likely to be lodged with the Authority, which as at 31st March 2017 totalled **£2.9M**.

Note 32 provides further analysis of all the Authority's provisions.

# Summary of Key Risks Faced by the Authority

The **embedding of a culture** where Risk Management is considered a part of normal business process is **crucial** to the delivery of the Risk Management Policy and Strategy and the implementation of good governance arrangements.

A robust and dynamic **Strategic Risk Register** (SRR) sets the culture and tone for Risk Management across and throughout the Council. The engagement of the **Senior Management Team** (SMT) in the Risk Management process through their **ownership and review** of the SRR demonstrates a strong **commitment** to lead and champion Risk Management 'from the top' and to further reinforce the **continuing development** of a Risk Management culture.

The risks in the SRR are **owned by SMT**, with the management of individual risks being allocated to a Risk Manager (a member of SMT) and measures to mitigate risks allocated to **Risk Mitigation Action Managers** (being those senior managers best placed to take responsibility to drive the implementation of those actions).

SMT is also responsible for ensuring that the SRR continues to express those **high level risks** which have a **significant** bearing upon the overall achievement of corporate objectives and that they are being appropriately managed.

In order to provide assurances that the SRR is being appropriately managed, **reviews** of the register are facilitated by the Risk and Governance Manager on a six monthly cycle. The results of these reviews are then presented to the **Council's Directorate Risk Champions**, and reported to SMT for further consideration and **challenge**. The outcomes of these processes are then reported to the Audit Committee, and subsequently, Cabinet.

The outcomes of the review are reported to Cabinet to provide a summary of the recent review, and the report highlights **specific issues and actions for consideration**. This ensures Senior Elected Members are aware of the SRR and can contribute to its **development**. The consideration of the SRR by Cabinet also contributes towards the role of Elected Members in assisting in the **development of strategy** and contributing to the identification of high level strategic risks, rather than simply monitoring the management of the Risk Management process.

Key Documents

| Title | Description | Date Presented to Cabinet | Cabinet Reference | Link to Cabinet Meeting |
|---|---|---|---|---|
| Strategic Risk Register | Outlines the key risks faced by the Authority | 03/05/2017 | Cab.3.5.2017/7 | Cabinet Meeting |

# Future Spending Plans & Assessment of the Future Economic Climate

Key Documents

| Title | Description | Date Presented to Cabinet | Cabinet Reference | Link to Cabinet Meeting |
|---|---|---|---|---|
| Services & Financial Planning 2017/18 | Budget proposals for 2017/18 | 08/02/2017 | Cab.8.2.2017/7 | Budget Cabinet |
| Housing Revenue Account – Draft Budget | HRA Budget proposals for 2017/18 | 11/01/2017 | Cab.11.1.2017/9 | Cabinet Meeting |
| Treasury Management Policy & Strategy 2017/18 | The Authority's strategy with regards Borrowing & Investing | 08/02/2017 | Cab.8.2.2017/8 | Budget Cabinet |
| Council Tax Base Report | The Authority's approved Tax base | 11/01/2017 | Cab.11.1.2017/11 | Cabinet Meeting |
| Council Tax Leaflet 2017/18 | The Authority's Council Tax leaflet for 2017/18 | N/A | N/A | Council Tax Leaflet |

Revenue

The budget proposals for 2017 through 2020 have now been finalised. The budget puts us in a strong position to achieve a **balanced budget** for 2017/18 and gives us a detailed three year plan to 2020.

We've been working hard to find ways to reduce the estimated gap of **£28 million** over the coming **three years**; particularly as this is on top of the **£87M** we've already saved **since 2010**. We've had to make some **tough decisions** and change the way we deliver some of our services.

The **Future Council** model, which has successfully operated over the past 2 years, has been adapted to ensure it remains robust to deal with the **financial and social challenges** the Council faces. Through this model we have re-prioritised our services to help us achieve this, with a directorate dedicated to each priority, plus a lean, efficient core. Within each directorate are **business units** set up to deliver the outcomes we've committed to in our **corporate plan**.

So for example, we will provide **strong leadership**, engaging with our local communities to build a **Better Barnsley** for everyone including building on more initiatives like the "**Love Where You Live**" campaign. The redevelopment of our **town centre** is swiftly progressing and we will also continue to work with our schools and other bodies to improve the educational attainment and skills of our residents, young and old. We have promoted **business growth** and **better jobs** in Barnsley and of course we will continue to meet our legal obligations and deliver a **high quality service** in priority areas including protecting those that are most vulnerable, providing waste collections and maintaining the Borough's roads.

Capital

The Authority's **capital investment budget** is currently estimated to be **£264M** over the four year period to **2020/21**. The planned programme includes a number of significant schemes including the Town Centre Markets Development, Barnsley Decent Homes schemes, Jobs and Business Plan schemes, school maintenance schemes, schemes that maintain the Borough's highways and roads and Better Care schemes.

# Our 2016/17 Statement of Accounts

## The Form of the Statement of Accounts

The Statement of Accounts is a statutory publication required under the Accounts and Audit Regulations and prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017 (the Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting required to give a true and fair view of the Authority's financial position at the end of the year and the transactions of the Authority during the year.

The information contained in the various statements and notes are of a highly technical nature and it may be useful to refer to the Glossary for further explanation.

The layout of the 2016/17 Statement of Accounts is comprised of:

- Statement of Responsibilities for the Statement of Accounts;
- The Core Financial Statements;
- Notes to the Core Financial Statements including the Authority's Accounting Policies; and
- The Supplementary Financial Statements and Notes including the Housing Revenue Account and the Collection Fund.

These are explained in more detail below.

## Statement of Responsibilities for the Statement of Accounts

This section explains the respective responsibilities of the Authority and the Chief Finance Officer (CFO) in relation to the Statement of Accounts. The Authority is responsible for ensuring that there are proper arrangements in place for financial administration, ensuring that value for money is achieved and approving the annual Statement of Accounts. The CFO is responsible for selecting and applying accounting policies, keeping accurate and timely accounting records, taking reasonable steps for the prevention and detection of fraud and complying with proper accounting practice as defined by the Code.

## The Core Financial Statements

The Expenditure & Funding Analysis - The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

## STATEMENT OF ACCOUNTS 2016/17

The Movement in Reserves Statement (MIRS) – This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'useable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The surplus or deficit on the Provision of Services line shows the accounting / economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance and Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The Comprehensive Income and Expenditure Statement (CI&ES) **–** This statement shows the accounting cost in the year, of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this is different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

The Balance Sheet **–** The Balance Sheet shows the value of the assets and liabilities recognised by the Authority, as at 31st March 2017. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

Reserves are reported in two categories. The first category of reserves is useable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement **–** The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income, or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

## Notes to the Core Financial Statements

There are a number of disclosure notes that present further detail behind the figures in the Core Financial Statements, categorised by the predominant statement that they support.

- Notes Outlining the Authority's Accounting Policy, Framework & Accounting Basis;
- Notes Relating to the Movement in Reserves Statement;
- Notes Relating to the Comprehensive Income & Expenditure Statement;
- Notes Relating to the Balance Sheet;
- Notes Relating to the Cash Flow Statement;
- Notes Relating to Other Disclosures.

## The Supplementary Financial Statements

The Housing Revenue Account Comprehensive Income and Expenditure Statement **-** Local authorities are required by law to account separately for all transactions relating to the cost of local authority housing by way of the Housing Revenue Account (HRA). This account shows in more detail where the resources are spent in maintaining and managing the Authority's council houses, and the sources of income to meet these costs.

The Collection Fund - The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Authority in relation to the collection from taxpayers and distribution to local authorities and Central Government of Council Tax and Non-Domestic Rates.

## Changes of Accounting Policies in 2016/17

There have been no material changes in accounting policy for the 2016/17 financial year.

## Post Balance Sheet Events

General Election

On 18th April 2017, Prime Minister Theresa May announced that a 'snap' election would take place on the 8th June 2017. The result of the election was a hung parliament with no political party obtaining an overall majority. The impact on the Authority is unknown at this time.

Pension Prepayment

The Authority made a lump sum prepayment to South Yorkshire Pensions Authority relating to its pension deficit for the next 3 financial years (2017/18 – 2019/20), totalling £26M.

Academy Conversions

On the 1st May 2017, Netherwood ALC converted to an Academy. The Authority no longer controls this asset and it will therefore be derecognised from its balance sheet in 2017/18.

Note 5 details the post balance sheet events in more depth including the potential impact on the Authority.

# STATEMENT OF ACCOUNTS 2016/17

## SECTION 3 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Authority, that Officer is the Service Director for Finance (Chief Finance Officer);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts.

Signed:

Date: 28th September 2017

COUNCILLOR A. GARDINER
CABINET SPOKESPERSON FOR CORPORATE SERVICES

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The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Local Authority Code.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In conclusion, the Chief Finance Officer certifies that this Statement of Accounts presents a true and fair view of the financial position of the Authority as at 31st March 2017.

Signed:

Date: 28th September 2017

N COPLEY BA (HONS), CPFA.
SERVICE DIRECTOR FOR FINANCE, CHIEF FINANCE OFFICER

## THE EXPENDITURE AND FUNDING ANALYSIS

| 2015/16 | | | | 2016/17 | | |
|---|---|---|---|---|---|---|
| Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments Between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement | | Net Expenditure Chargeable to the General Fund and HRA Balances | Adjustments Between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income and Expenditure Statement |
| **£000s** | **£000s** | **£000s** | | **£000s** | **£000s** | **£000s** |
| 61,821 | 4,053 | 65,874 | People | 74,918 | 9,189 | 84,107 |
| 32,919 | 23,404 | 56,323 | Place | 31,756 | 16,672 | 48,428 |
| (29,539) | (647) | (30,186) | HRA | (24,378) | (64,236) | (88,614) |
| 12,115 | 393 | 12,508 | Communities | 14,764 | 2,147 | 16,911 |
| 1,610 | (35) | 1,575 | Public Health | 2,500 | (27) | 2,473 |
| (3,955) | 2,001 | (1,954) | Core Services | (1,734) | 11,637 | 9,903 |
| 11,667 | (3,482) | 8,185 | Corporate Services | 5,452 | (1,727) | 3,725 |
| **86,638** | **25,687** | **112,325** | **Net Cost of Services** | **103,278** | **(26,345)** | **76,933** |
| 1,279 | 37,404 | 38,683 | Other Operating Income & Expenditure | 1,128 | 8,353 | 9,481 |
| 60,074 | (6,635) | 53,439 | Financing & Investment Income & Expenditure | 57,429 | (5,341) | 52,088 |
| (175,653) | (15,556) | (191,209) | Taxation & Non Specific Grant Income | (168,694) | (25,025) | (193,719) |
| **(27,662)** | **40,900** | **13,238** | **(Surplus) / Deficit on Provision of Services** | **(6,859)** | **(48,358)** | **(55,217)** |
| Note 7 / MIRS | **Split Between:** | CI&ES | | Note 7 / MIRS | **Split Between:** | CI&ES |
| General Fund | **57,330** | | | General Fund | **28,523** | |
| HRA | **(16,430)** | | | HRA | **(76,881)** | |
| | **40,900** | | | | **(48,358)** | |
| | Note 6 / MIRS | | | | Note 6 / MIRS | |

| 2015/16 | | | Movement on Reserves: | 2016/17 | | |
|---|---|---|---|---|---|---|
| General Fund | Housing Revenue Account | Total | | General Fund | Housing Revenue Account | Total |
| **£000s** | **£000s** | **£000s** | | **£000s** | **£000s** | **£000s** |
| **92,972** | **36,826** | **129,798** | **Opening Balances as at 1st April** | **116,127** | **41,333** | **157,460** |
| 23,155 | 4,507 | 27,662 | Plus/(Less) Surplus or (Deficit) on General Fund & HRA Balances in Year | 5,898 | 961 | 6,859 |
| **116,127** | **41,333** | **157,460** | **Closing Balances as at 31st March** | **122,025** | **42,294** | **164,319** |
| Note 7 / MIRS | Note 7 / HRA | Note 7 / MIRS | | Note 7 / MIRS | Note 7 / HRA | Note 7 / MIRS |

# STATEMENT OF ACCOUNTS 2016/17

## THE MOVEMENT IN RESERVES STATEMENT

| Movement in Reserves During 2016/17 | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | Total Useable Reserves | Total Unusable Reserves | Total Authority Reserves | |
|---|---|---|---|---|---|---|---|---|---|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | |
| **Balance of Reserves at 1st April 2016** | **116,127** | **41,333** | **13,443** | **974** | **5,136** | **177,013** | **(190,429)** | **(13,416)** | Balance Sheet |
| Total Comprehensive Expenditure & Income | (22,625) | 77,842 | - | - | - | **55,217** | **(32,046)** | **23,171** | CI&ES |
| Adjustments Between Accounting Basis & Funding Basis Under Regulations | 28,523 | (76,881) | (2,035) | (890) | (1,356) | **(52,639)** | **52,639** | **-** | Note 6 |
| **Net Increase / (Decrease) in 2016/17** | **5,898** | **961** | **(2,035)** | **(890)** | **(1,356)** | **2,578** | **20,593** | **23,171** | Note 7 & HRA |
| **Balance of Reserves at 31st March 2017** | **122,025** | **42,294** | **11,408** | **84** | **3,780** | **179,591** | **(169,836)** | **9,755** | Balance Sheet |
| | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet / Note 8 | Balance Sheet | |

| Movement in Reserves During 2015/16 | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | Total Useable Reserves | Total Unusable Reserves | Total Authority Reserves | |
|---|---|---|---|---|---|---|---|---|---|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | |
| **Balance of Reserves at 1st April 2015** | **92,972** | **36,826** | **25,593** | **609** | **3,949** | **159,949** | **(226,309)** | **(66,360)** | Balance Sheet |
| Total Comprehensive Expenditure & Income | (34,175) | 20,937 | - | - | - | **(13,238)** | **66,182** | **52,944** | CI&ES |
| Adjustments Between Accounting Basis & Funding Basis Under Regulations | 57,330 | (16,430) | (12,150) | 365 | 1,187 | **30,302** | **(30,302)** | **-** | Note 6 |
| **Net Increase / (Decrease) in 2015/16** | **23,155** | **4,507** | **(12,150)** | **365** | **1,187** | **17,064** | **35,880** | **52,944** | Note 7 & HRA |
| **Balance of Reserves at 31st March 2016** | **116,127** | **41,333** | **13,443** | **974** | **5,136** | **177,013** | **(190,429)** | **(13,416)** | Balance Sheet |
| | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet / Note 8 | Balance Sheet | |

# STATEMENT OF ACCOUNTS 2016/17

## THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| 2015/16 | | | | 2016/17 | | | |
|---|---|---|---|---|---|---|---|
| Gross Expenditure £000s | Gross Income £000s | Net Expenditure £000s | | Gross Expenditure £000s | Gross Income £000s | Net Expenditure £000s | Note / Statement |
| | | | **Net Cost of Services:** | | | | |
| 243,191 | (177,317) | 65,874 | People | 243,085 | (158,978) | 84,107 | |
| 80,408 | (24,085) | 56,323 | Place | 72,144 | (23,716) | 48,428 | |
| 44,602 | (74,788) | (30,186) | Housing Revenue Account | 71,638 | (73,971) | (2,333) | HRA |
| - | - | - | Exceptional Item – HRA Revaluation of Dwellings | (86,281) | - | (86,281) | 10 /HRA |
| 28,504 | (15,996) | 12,508 | Communities | 31,079 | (14,168) | 16,911 | |
| 6,689 | (5,114) | 1,575 | Public Health | 8,423 | (5,950) | 2,473 | |
| 130,296 | (132,250) | (1,954) | Core Services | 144,862 | (134,959) | 9,903 | |
| 21,716 | (13,531) | 8,185 | Corporate Services | 18,506 | (14,781) | 3,725 | |
| **555,406** | **(443,081)** | **112,325** | **Net Cost of Services** | **503,456** | **(426,523)** | **76,933** | EFA |
| | | | **Other Operating Income & Expenditure:** | | | | |
| 623 | - | 623 | Parish Council Precepts | 471 | - | 471 | |
| 1,728 | - | 1,728 | Payments to Central Government Housing Capital Receipts Pool | 1,682 | - | 1,682 | |
| 4,867 | (9,339) | (4,472) | (Gains) / Losses on The Disposal of Non-Current Assets | 8,433 | (10,722) | (2,289) | |
| - | (221) | (221) | (Gains) / Losses on The Non Disposal of Non-Current Assets | - | (135) | (135) | |
| 41,025 | - | 41,025 | Exceptional Item – Loss on Disposal of Non-Current Assets Relating to School Transfers | 9,752 | - | 9,752 | 10 |
| **48,243** | **(9,560)** | **38,683** | **Total Other Operating Expenditure** | **20,338** | **(10,857)** | **9,481** | |
| | | | **Financing & Investment Income & Expenditure:** | | | | |
| 20,946 | (27) | 20,919 | Interest Payable on Debt | 20,456 | (19) | 20,437 | |
| 62 | - | 62 | Interest Element of Finance Leases | 44 | - | 44 | |
| 22,279 | - | 22,279 | Interest Payable on PFI Unitary Payments | 22,314 | - | 22,314 | |
| 12,054 | - | 12,054 | Net Interest on The Defined Benefit Liability / Asset | 11,824 | - | 11,824 | 37 |
| - | (761) | (761) | Investment Interest Income | - | (877) | (877) | |
| - | (594) | (594) | Dividends Receivable | - | (486) | (486) | |
| - | (10) | (10) | Interest Received on Finance Leases | - | (10) | (10) | |
| 14,578 | (15,088) | (510) | (Surplus) / Deficit of Trading Undertakings or Other Operations | 4,307 | (5,465) | (1,158) | 11 |
| **69,919** | **(16,480)** | **53,439** | **Total Financing & Investment Income & Expenditure** | **58,945** | **(6,857)** | **52,088** | |

Continued overleaf.

## THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

| 2015/16 | | | | 2016/17 | | | |
|---|---|---|---|---|---|---|---|
| **Gross Expenditure £000s** | **Gross Income £000s** | **Net Expenditure £000s** | | **Gross Expenditure £000s** | **Gross Income £000s** | **Net Expenditure £000s** | **Note / Statement** |
| | | | **Taxation & Non Specific Grant Income:** | | | | |
| - | (14,106) | (14,106) | Recognised Capital Grants & Contributions | - | (21,404) | (21,404) | |
| - | (2,477) | (2,477) | Section 31 Grant – Small Business Rate Relief (SBRR) | - | (2,028) | (2,028) | |
| - | (44,746) | (44,746) | Revenue Support Grant (RSG) | - | (34,560) | (34,560) | |
| - | (78,712) | (78,712) | Council Tax | - | (83,630) | (83,630) | |
| - | (24,733) | (24,733) | Business Rates Retention Scheme – Locally Retained | - | (25,442) | (25,442) | |
| - | (26,435) | (26,435) | Business Rates Retention Scheme – Top Up Grant | - | (26,655) | (26,655) | |
| **-** | **(191,209)** | **(191,209)** | **Total Taxation & Non Specific Grant Income** | **-** | **(193,719)** | **(193,719)** | |
| | | | | | | | |
| **673,568** | **(660,330)** | **13,238** | **(Surplus) / Deficit on Provision of Services** | **582,739** | **(637,956)** | **(55,217)** | 9 |
| | | | **Other Comprehensive Income & Expenditure:** | | | | |
| - | (20,049) | (20,049) | (Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets | - | (89,899) | (89,899) | 8 |
| - | (113) | (113) | (Surplus) or Deficit on Revaluation of Available for Sale Financial Assets | 39 | - | 39 | 8 |
| - | (46,020) | (46,020) | Actuarial (Gains) / Losses on Pension Assets / Liabilities | 121,906 | - | 121,906 | 37 |
| **-** | **(66,182)** | **(66,182)** | **Other Comprehensive Income & Expenditure** | **121,945** | **(89,899)** | **32,046** | |
| | | | | | | | |
| **673,568** | **(726,512)** | **(52,944)** | **Total Comprehensive Income & Expenditure** | **704,684** | **(727,855)** | **(23,171)** | |

# STATEMENT OF ACCOUNTS 2016/17

## BALANCE SHEET AS AT 31st MARCH 2017

| 2015/16 £000s | | 2016/17 £000s | 2016/17 £000s | Note / Statement |
|---|---|---|---|---|
| | **NON-CURRENT ASSETS** | | | |
| | **Property Plant and Equipment:** | | | |
| 402,754 | - Council Dwellings | 547,756 | | 20 |
| 398,421 | - Other Land & Buildings | 400,230 | | 20 |
| 6,369 | - Vehicles, Plant, Furniture & Equipment | 4,761 | | 20 |
| 242,304 | - Infrastructure Assets | 248,838 | | 20 |
| - | - Community Assets | - | | 20 |
| 5,334 | - Assets Under Construction | - | | 20 |
| 1,501 | - Surplus Assets | 5,289 | | 20 |
| **1,056,683** | | | **1,206,874** | |
| 10,427 | Heritage Assets | 10,427 | | 22 |
| 1,943 | Intangible Assets | 1,898 | | 23 |
| 13,899 | Long Term Investments | 11,874 | | 28 |
| 3,712 | Long Term Debtors | 3,009 | | 28 |
| **29,981** | | | **27,208** | |
| **1,086,664** | **Total Non-Current Assets** | | **1,234,082** | |
| | **CURRENT ASSETS** | | | |
| 4,780 | Assets 'Held for Sale' | 3,028 | | 24 |
| 5,066 | Short Term Investments | 17,027 | | 28 |
| 1,221 | Inventories | 1,385 | | 30 |
| 51,141 | Short Term Debtors | 51,581 | | 31 |
| (15,090) | Impairment of Short Term Debtors | (13,089) | | 31 |
| 13,392 | Cash & Cash Equivalents | 42,603 | | Cash Flow |
| **60,510** | **Total Current Assets** | | **102,535** | |
| **1,147,174** | **TOTAL ASSETS** | | **1,336,617** | |
| | **CURRENT LIABILITIES** | | | |
| (43,773) | Short Term Borrowing | (77,188) | | 28 |
| (9,104) | Other Short Term Liabilities | (8,657) | | 28 |
| (33,338) | Short Term Creditors | (45,679) | | 32 |
| (2,082) | Provisions | (3,420) | | 34 |
| (8,107) | Capital Grants Receipts in Advance | (11,243) | | 33 |
| (1,362) | Revenue Grants Receipts in Advance | (1,647) | | 33 |
| - | Bank Overdraft | - | | |
| **(97,766)** | **Total Current Liabilities** | | **(147,834)** | |
| | **LONG TERM LIABILITIES** | | | |
| (481,663) | Long Term Borrowing | (479,557) | | 28 |
| (235,487) | Other Long Term Liabilities | (226,873) | | 28 |
| (4,607) | Long Term Provisions | (4,392) | | 34 |
| (341,067) | Retirement Benefit Obligations | (468,206) | | 37 |
| **(1,062,824)** | **Total Long Term Liabilities** | | **(1,179,028)** | |
| **(1,160,590)** | **TOTAL LIABILITIES** | | **(1,326,862)** | |
| **(13,416)** | **NET ASSETS** | | **9,755** | |

Continued overleaf

# STATEMENT OF ACCOUNTS 2016/17

## BALANCE SHEET AS AT 31st MARCH 2017 (CONTINUED)

| 2015/16 £000s | | 2016/17 £000s | 2016/17 £000s | Note / Statement |
|---|---|---|---|---|
| | **USEABLE RESERVES:** | | | |
| 116,127 | - General Fund | 122,025 | | 7 / MIRS |
| 41,333 | - Housing Revenue Account | 42,294 | | 7 / MIRS |
| 13,443 | - Useable Capital Receipts Reserve | 11,408 | | MIRS |
| 974 | - Major Repairs Reserve | 84 | | MIRS |
| 5,136 | - Capital Grant Unapplied Reserve | 3,780 | | MIRS |
| **177,013** | **TOTAL USEABLE RESERVES** | | **179,591** | |
| | **UNUSABLE RESERVES:** | | | |
| 80 | - Available for Sale Financial Instruments Reserve | 40 | | 8 |
| 57,329 | - Capital Adjustment Account | 122,498 | | 8 |
| 64 | - Deferred Capital Receipts Reserve | 63 | | 8 |
| (12,903) | - Financial Instruments Adjustment Account | (12,246) | | 8 |
| (341,067) | - Pensions Reserve | (468,206) | | 8 |
| 99,230 | - Revaluation Reserve | 179,857 | | 8 |
| (1,795) | - Accumulated Absences Account | (4,097) | | 8 |
| 8,633 | - Collection Fund Adjustment Account | 12,255 | | 8 |
| **(190,429)** | **TOTAL UNUSABLE RESERVES** | | **(169,836)** | |
| | | | | |
| **(13,416)** | **TOTAL RESERVES** | | **9,755** | |

I certify that these accounts were approved by the full Council at its meeting on 28th September 2017. These statements replace the unaudited financial statements placed on account with the Authority's external auditors on 30th June 2017.

Mayor Cllr. Jeff Ennis

Date: 28th September 2017

# STATEMENT OF ACCOUNTS 2016/17

## CASH FLOW STATEMENT

| 2015/16<br>£000s | | 2016/17<br>£000s | 2016/17<br>£000s | Note |
|---|---|---|---|---|
| **13,238** | **Net (Surplus) / Deficit on Provision of Services** | | **(55,217)** | CI&ES |
| | **Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:** | | | |
| (48,833) | - Depreciation & Impairment | 11,294 | | |
| (1,954) | - Pension Fund Adjustments | (5,235) | | |
| (45,892) | - Carrying Amount of Non-Current Assets Sold | (18,185) | | |
| (794) | - (Increase) / Decrease in Provisions | (1,123) | | |
| (193) | - Increase / (Decrease) in Inventories | 163 | | |
| (1,346) | - Increase / (Decrease) in Debtors | (413) | | |
| 11,237 | - (Increase) / Decrease in Creditors | (7,794) | | |
| 676 | - Other Non-Cash Adjustments | 667 | | |
| **(87,099)** | | | **(20,626)** | |
| | **Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:** | | | |
| 14,106 | - Capital Grants Recognised Through Comprehensive Income & Expenditure Statement | 21,404 | | |
| 9,751 | - Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets | 11,112 | | |
| **23,857** | | | **32,516** | |
| | | | | |
| **(50,004)** | **Net Cash (Inflow) / Outflow From Operating Activities** | | **(43,327)** | |
| 21,073 | **Net Cash (Inflow) / Outflow From Investing Activities** | | 34,632 | 39 |
| 30,759 | **Net Cash (Inflow) / Outflow From Financing Activities** | | (20,516) | 40 |
| **1,828** | **Net (Increase) / Decrease in Cash & Cash Equivalents** | | **(29,211)** | |

| | | | |
|---|---|---|---|
| **15,220** | **Cash & Cash Equivalents as at 1st April** | **13,392** | |
| | | | |
| (1,828) | Net Increase / (Decrease) in Cash & Cash Equivalents | 29,211 | |
| | | | |
| **13,392** | **Cash & Cash Equivalents as at 31st March** | **42,603** | Balance Sheet |
| | **Made Up Of The Following Elements:** | | |
| 291 | Cash Held By The Authority | 197 | |
| 1,235 | Bank Current Accounts | 4,142 | |
| 11,866 | Short Term Deposits With Financial Institutions | 38,264 | |
| **13,392** | **Total Cash & Cash Equivalents** | **42,603** | |

## NOTES OUTLINING THE AUTHORITY'S ACCOUNTING POLICY, FRAMEWORK AND ACCOUNTING BASIS

These notes outline the accounting principles and conventions that underpin this Statement of Accounts.

### Note 1 – Statement of Accounting Policies

A summary of the main accounting policies adopted are shown below:

### 1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2016/17 financial year and its position at the year-end of 31st March 2017. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practice. For local authorities, this proper accounting practice is predominantly contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code), supported by International Financial Reporting Standards and statutory guidance where applicable.

The accounting convention adopted is historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 2. Accruals of Income and Expenditure – General

Activity is accounted for in the year which it takes place, not simply when cash payments are made or received. In particular:

- Income due from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the customer and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority;

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date of supply and consumption they are carried as inventories on the Balance Sheet;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract; and

- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income which might not be collected.

### 3. Accruals of Income and Expenditure – Accounting for Local Taxation

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The localisation of Business Rates from 1st April 2013 changed the way in which the Authority accounts for NNDR. The key features of the fund relevant to accounting for Council Tax and National Non Domestic Rates in the core financial statements are:

- In its capacity as a billing authority, the Authority acts as agent; it collects and distributes Council Tax / NNDR income on behalf of the major preceptors and itself;

- Whilst the income from Council Tax and NNDR for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors;

- Council Tax / NNDR income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulations to be credited to the General Fund, is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement; and

- Since the collection of Council Tax and NNDR income is in substance an agency arrangement, cash collected by the billing authority from Council Tax / NNDR debtors belongs proportionately to the billing authority, Central Government (NNDR only) and the major preceptors. A debtor / creditor position between the billing authority, Central Government and each major preceptor is therefore recognised, since the net cash paid to each in the year is not its share of the cash collected.

## 4. Acquired and Discontinued Operations

There were no material acquired or discontinued operations during 2016/17.

## 5. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable to the Authority without notice or penalty (sometimes referred to as 'on call').

## 6. Material Items of Income and Expense / Exceptional Items

Where items of income or expense are material, their nature and amount is disclosed separately in Note 10. The Authority has identified separately, any transactions exceeding £10 Million to / from a single supplier or customer.

Exceptional items are identified on the face of the Comprehensive Income and Expenditure Statement and are analysed further in Note 10 to the accounts. The Authority has identified separately, items of expense or income which are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly.

## 7. Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policy or to correct material errors. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position.

Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Any new accounting policies which have been adopted by the Authority have been reflected within these accounting policies, together with a quantification of the impact of each accounting policy change on the prior period closing balances and comparative figures shown within this Statement of Accounts.

## 8. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;

- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and

- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue (Minimum Revenue Provision – MRP) to contribute towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

**9. Employee Benefits**

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year end. For the Authority, they typically include such benefits as wages and salaries and paid annual, flexi and sick leave. These are recognised in the accounts in the year in which the employee rendered service for the Authority. An accrual has been made for the cost of holiday entitlement (including flexi-leave entitlement) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual has been based on wage and salary rates for the 2015/16 financial year, being the period in which the employee earns the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring. It is the Authority's policy not to offer enhanced termination benefits.

Post-Employment Benefits

Employees of the Authority are members of three separate pension schemes:

1. The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);

2. The NHS Pensions Scheme, administered by the NHS Business Services Authority; and

3. The Local Government Pension Scheme, administered by the South Yorkshire Pensions Authority.

These respective schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Authority.

However, the arrangements for the Teachers' Scheme and the NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The schemes are therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The People service line in the Comprehensive Income and Expenditure Statement is charged with contributions payable to Teachers' Pensions Scheme in the year and the Public Health line in the Comprehensive Income and Expenditure Statement is charged with contributions payable to the NHS Pensions Scheme.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefit scheme:

1. The liabilities of the South Yorkshire Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis, using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees;

2. Liabilities are discounted to their value at current prices, using a discount rate of 4.9%, based on the weighted average of spot yields on AA rated corporate bonds;

3. The assets of the South Yorkshire Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
    - Quoted securities – current bid price;
    - Unquoted securities – professional estimate;
    - Unitised securities – current bid price; and
    - Property – market value.

4. The change in the net pensions liability is analysed into the following components:

- Current Service Cost – the increase in liabilities as a result of a years service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;

- Net Interest on the Net Defined Benefit Liability / Asset, i.e. Net Interest Expense for the Authority – the change during the period in the net defined benefit liability / asset that arises from the passage of time, charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability / asset at the beginning of the period, taking into account any changes in the net defined benefit liability / asset during the period as a result of contribution and benefit payments;

- Re-measurements comprising:

  a. The Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability / asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and

  b. Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the South Yorkshire Pensions Authority – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of such cash flows rather than as benefits are earned by employees.

<u>Discretionary Benefits</u>

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. The Authority's current policy is not to award enhancements for non-school Council employees i.e. those who are members of the Local Government Pension Scheme. However, awards are not prohibited and can be made in exceptional circumstances. Where they are made, any liabilities estimated to arise as a result are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## 10. <u>Events After the Balance Sheet Date</u>

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of event can be identified:

1. Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events, where material; and

2. Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material impact, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## 11. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively added to or deducted from the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Authority has a policy of either spreading the gain / loss over the remaining term of the loan against which the premium was payable or discount receivable when it was repaid or a shorter period where it is deemed to be more prudent to do so. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account (FIAA) in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- Loans and Receivables – assets that have fixed or determinable payments but are not quoted in an active market; and
- Available for Sale Assets – assets that have a quoted market price and / or do not have fixed or determinable payments.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried subsequently at amortised cost. Annual credits to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Authority has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The principal amount of capital loans repaid to the Authority is accounted for as a capital receipt and applied to reduce the amount of external borrowing that the Authority currently carries.

The Authority has not made any material loans to voluntary or other organisations at less than market rates of interest, sometimes referred to as soft loans. Therefore, no accounting adjustments as stipulated by the Code have been necessary in the 2016/17 accounts.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service or the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the assets' original effective interest rate.

Any gains and losses that arise on the de-recognition of the asset are credited / debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

Available For Sale Assets

Available for sale assets are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price;
- Other instruments with fixed and determinable payments – discounted cash flow analysis; and
- Equity shares with no quoted market prices – based on the share of the company's net worth (in proportion to the percentage shareholding).

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date;
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly;
- Level 3 Inputs – unobservable input for the asset.

Changes in fair value are balanced by an entry in the Available for Sale Reserve and the gain / loss is recognised in the Surplus or Deficit on Revaluation of Available for Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement, along with any net gain / loss for the asset accumulated in the Available for Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited / debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement, along with any accumulated gains / losses previously recognised in the Available for Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

## 12. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Authority when there is a reasonable assurance that:

- The Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance under liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Net Cost of Services within the Comprehensive Income and Expenditure Statement (for service specific revenue grants) or to the Taxation and Non-Specific Grant Income line (for all capital grants, non-ring-fenced and general revenue grants).

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### 13. Heritage Assets (Tangible and Intangible)

The Authority's Heritage Assets are held in various locations across the Borough. These assets are organised into 4 categories and are held to increase people's knowledge, understanding and appreciation of the Borough's history and local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policy on Property, Plant and Equipment (see Accounting Policy 21 below). However some of the rules are relaxed in relation to Heritage Assets as detailed below:

- All of the Heritage Assets are deemed to have an indeterminable life with a high residual value and therefore the Authority does not consider it appropriate to charge depreciation on these assets;

- Each category of Heritage Assets is revalued periodically by external valuers for insurance purposes and is carried on the Authority's Balance Sheet at this valuation, as a proxy for open market valuations.;

- The collection of Heritage Assets held by the Authority is relatively static with acquisitions and donations being rare. Where acquisitions have been made, these are initially valued at cost and subsequently revalued in accordance with the rest of the collection. Donations are recognised at valuation undertaken by an external valuer as appropriate;

- The carrying value of Heritage Assets is reviewed where there is evidence of impairment (e.g. where there is evidence of physical deterioration or breakage etc.). Any impairment identified is recognised and measured in accordance with the Authority's policy on impairment of Property, Plant and Equipment (see Accounting Policy 21 below); and

- Where Heritage Assets have been disposed of, the proceeds are accounted for in accordance with the Authority's policy on disposal of Property, Plant and Equipment. Disposal proceeds are accounted for in accordance with the statutory requirements relating to capital expenditure and capital receipts and are disclosed separately in the notes to the accounts.

### 14. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Authority (e.g. software licences) is capitalised at cost, when it is expected that future economic benefits or service potential will flow to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and the Authority will be able to generate future economic benefits or service potential from the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. No intangible asset held by the Authority meets these conditions and therefore all such assets are carried at amortised cost.

The depreciable amounts for intangible assets are amortised over their useful lives and debited to the relevant services line in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement.

The written off value of disposal is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and impairment losses are not permitted to have an impact on the General Fund balance. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

## 15. Interest in Companies and Other Entities

The Authority has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which may require it to prepare Group Accounts, where material. Included within these entities are three Trading Companies recently set up to allow the Authority to trade more flexibly, in a commercial environment. Details of these companies are shown within Note 19. Within the Authority's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost.

## 16. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.
Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## 17. Investment Properties

Investment Properties are those that are used solely to earn rentals and / or held for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services, production of goods or is held for sale.

Investment Properties are initially measured at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets that the Authority can access at the measurement date;
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly;
- Level 3 Inputs – unobservable input for the asset.

Properties are not depreciated but are revalued annually according to market conditions during the year. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement and result in a gain in the General Fund balance.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement on Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Revaluation / Impairment losses on HRA non-dwelling assets are not permitted to be reversed out of the HRA balance following the change to the HRA Self Financing arrangements.

## 18. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Authority in conjunction with other venturers that involve the use of assets and resources of the venturers rather than the establishment of a separate entity. The Authority recognises on its Balance Sheet, the assets that it controls and the liabilities it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of Property, Plant and Equipment that are jointly controlled by the Authority and other venturers. The joint venture does not involve the establishment of a separate entity. The Authority accounts only for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of interests in the joint venture and income that it earns from the venture.

## 19. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy, where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as Lessee

Finance Leases

Items of Property, Plant and Equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement).

Items of Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the assets' estimated useful life.

The Authority is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefiting from the use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease; even if this does not match the pattern of cash payments e.g. there is a rent free period at the commencement of the lease.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure section of the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line within the Comprehensive Income and Expenditure Statement as part of the profit or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal, matched by a long term lease debtor in the Balance Sheet for the capital value outstanding).

Subsequent lease rentals are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the long term debtor; and
- Finance income – credited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element of the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant line in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

## 20. Overheads and Support Services

The costs of overheads and support services are charged to the service segments in accordance with the Authority's arrangement for accountability and its financial performance arrangements.

## 21. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and that the costs of the item can be measured reliably. Expenditure that maintains but does not add value or increase an asset's potential to deliver future economic benefits or service potential is charged as an expense to the Comprehensive Income and Expenditure Statement.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost;
- Council Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- School Buildings – current value, but due to their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued with sufficient regularity to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every 5 years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains); and
- Where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusting for the depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable useful life (e.g. freehold land and certain community assets) and assets that are not yet available for use i.e. Assets Under Construction.
Depreciation is calculated based on the average net book value using the following bases:

| Category | Basis | No. Of Years |
|---|---|---|
| Council Houses | Straight Line | 35 |
| Other Land & Buildings | Straight Line | 15 – 60 |
| Plant & Equipment (Contents) | Straight Line | 3 – 7 |
| Vehicles | Straight Line | 5 – 8 |
| Surplus Assets | Straight Line | 5 – 40 |
| Community Assets | N/A | N/A |

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Vehicles, Plant, Furniture & Equipment and Intangible Assets are fully depreciated down to nil based on their economic useful lives but remain on the Authority's asset register until the following year. At this time, these assets are written out of the Authority's books in terms of gross book value and the accumulated depreciation on the basis of prudence. Individual services may still hold the asset but due to the immaterial nature of the values involved, they are removed accordingly, based on the accounting policy for disposals as outlined below.

Revaluation gains are also depreciated, with an amount equal to the difference between the current value depreciation charged on assets and the depreciation that would have been chargeable based on historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisations or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of, demolished or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure section of the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

A proportion of receipts relating to housing disposals is payable to Central Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and then can only be used for new capital investment (or set aside to reduce the Authority's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written off value of disposal is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

## 22. Private Finance Initiative

PFI contracts are agreements to receive services, where the responsibility for making available the Property, Plant or Equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes and as ownership of the Property, Plant or Equipment assets will pass to the Authority at the end of the contracts for no additional charge, the Authority carries these assets used in delivering the services on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these fixed assets at fair value (based on the cost to purchase the Property, Plant or Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the Secondary School Building Schools for the Future contract, the liability was written down by an initial capital contribution of £6.866M in 2010/11, an additional capital contribution of £25.540M in 2011/12 and a final capital contribution of £36.671M in 2012/13.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;

- Finance cost – a notional interest charge of 9.49% (BSF Phase 1), 9.28% (BSF Phase 2), 8.08% (BSF Phase 3), 9.01% (Primary Schools PFI), 7.11% (Cudworth LIFT) and 3.33% (Darton LIFT) on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement;

- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement;

- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator; and

- Lifecycle replacement costs – expensed through the Comprehensive Income and Expenditure Statement as this expenditure has been deemed to be of a revenue nature within the contract.

## 23. Provisions

Provisions are made where an event has taken place which gives the Authority an obligation that probably requires settlement by a transfer of economic benefits, which can be reliably estimated, but where the timing of the transfer is uncertain. For instance, the Authority may be involved in a court case which could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision (or part thereof) is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service line of the Comprehensive Income and Expenditure Statement if it is virtually certain that reimbursement will be received if the obligation is settled.

## 24. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

## 25. Contingent Assets

A contingent asset arises when an event has taken place that gives the Authority a possible asset, whose existence will only be confirmed by the occurrence or otherwise of uncertain future events, not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts, where it is probable that there will be an inflow of economic benefits or service potential.

## 26. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and therefore are not available for use by the Authority – these reserves are explained in the notes to the accounts.

## 27. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year, which may be capitalised under statutory provisions but does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

## 28. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is non-recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## 29. Carbon Reduction Scheme

The Authority is required to participate in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. The scheme is currently in the first year of the second phase which will last until 31st March 2019. The Authority is required to purchase and surrender allowances, either in the forecast period (at the start of the reporting year) and/or in the buy to comply period (following known energy usage), on the basis of emissions i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of allowances required to meet the liability at the reporting date. The cost to the Authority is recognised and reported in the net cost of the Authority's services and is apportioned to respective services on the basis of energy consumption.

## 30. Accounting for Schools

There are a number of different types of school with each type being treated differently in accounting terms. The Code was amended in 2014/15 to reflect the formal adoption of IFRS 10 and IFRS 11 and continues within the 2015/16 Code.

Maintained Community Schools

A maintained community school in England and Wales is a type of state-funded school that is run wholly by the Local Authority. The Authority is responsible for the school's admissions, owns the school's estate and employs the school's staff.

The Authority is the freeholder of community school premises and has a significant role in the running of the school (e.g. administration procedures, employment and payroll of staff / management).

Accordingly, the school premises that fall under this category are recognised as Property, Plant & Equipment in the Authority's Balance Sheet.

The income and expenditure of such schools is also recognised within the Authority's Comprehensive Income & Expenditure Statement.

Voluntary Aided Schools

A voluntary aided school is a state-funded school in England and Wales in which a foundation or trust (usually a religious organisation) owns the school buildings, contributes to building costs and has a substantial influence in the running of the school. Such schools have more autonomy than voluntary controlled schools, which are entirely funded by the state.

Voluntary aided schools are a type of "maintained school", meaning that they receive all their income from Central Government via the Local Authority, and do not charge fees to students. In contrast to other types of maintained school, only up to 90% of the capital costs of a voluntary aided school are met by Central Government. The foundation contributes the rest of the capital costs, owns the school's land and buildings and appoints a majority of the school governors. The governing body runs the school, employs the staff and decides the school's admission arrangements, subject to rules imposed by Central Government. Pupils follow the National Curriculum, except that faith schools may teach Religious Education according to their own faith.

Accordingly, the school premises of such schools have been de-recognised from the Authority's Balance Sheet as these are maintained by the charitable organisation / trust. However, the Authority does hold the freehold of the land in certain arrangements which thus remain on the Authority's Balance Sheet.

The income and expenditure of such schools is recognised within the Authority's Comprehensive Income & Expenditure Statement.

Voluntary Controlled Schools

A voluntary controlled school is a state-funded school in England, Wales and Northern Ireland in which a foundation or trust (usually a Christian denomination) has some formal influence in the running of the school. Such schools have less autonomy than voluntary aided schools, in which the foundation pays part of any building costs.

Voluntary controlled schools are a type of "maintained school", meaning that they are funded by Central Government via the Local Authority, and do not charge fees to students. However, the land and buildings are typically owned by a charitable foundation or Trust organisation, which also appoints about a quarter of the school governors. However, the Local Authority employs the school's staff and has primary responsibility for the school's admission arrangements. Pupils follow the National Curriculum.

Similarly to Voluntary Aided Schools, the school premises of such schools have been de-recognised from the Authority's Balance Sheet as these are maintained by the charitable organisation / trust. However, the Authority does hold the freehold of the land in certain arrangements which thus remain on the Authority's Balance Sheet.

The income and expenditure of such schools is recognised within the Authority's Comprehensive Income & Expenditure Statement.

Academy Schools

An academy school in the education system in England is a type of school which is independent of Local Authority control but is publicly funded, with some private sponsorship. The transfer of schools from the Authority to an Academy takes the form of a 125 year lease.

The accounting for such arrangements follows the accounting policy for leases (see accounting policy 19 in Note 1).

Ordinarily, the lease of school premises is accounted for as a finance lease. Therefore, the assets relating to these arrangements are accounted for as disposals and subsequently de-recognised from the Authority's Balance Sheet.

The lease of school land is generally accounted for as an operating lease. Therefore, the assets relating to these arrangements are accounted for under IAS 16 and still remain on the Authority's Balance Sheet at nil value.

The income and expenditure of such schools is not recognised within the Authority's Comprehensive Income & Expenditure Statement.

**31. Fair Value Measurement**

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or
b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

## Note 2 – Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

An authority shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. An authority shall provide known, or reasonably estimable information, relevant to assessing the possible impact that application of the new IFRS will have on the Authority's financial statements, including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2017 for 2017/18).

There are no accounting standards issued but not yet adopted that will have a material effect on the Authority.

## Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- Whether a lease is an operating or finance lease. A lease would normally be classed as a finance lease where it meets one of the following criteria:
  - Ownership of the asset transferred to the Authority at the end of the lease term;
  - The lessee has an option to purchase the asset at the end of the lease term for a price expected to be sufficiently lower than the fair value;
  - The lease term is for the major part of the economic life of the asset;
  - That the present value of minimum lease payments amount to at least substantially all (90% or more) of the fair value of the leased asset; and
  - The leased assets are of such a specialised nature that only the lessee can use them without modification.

- Whether contractual arrangements have the substance of a lease;
- Whether a third party constitutes a related party to the Authority;
- Whether arrangements that the Authority is party to, constitute a joint arrangement;

- Whether a public / private partnership is a service concession;
- Whether land and buildings owned by the Authority are investment properties;
- Whether the substance of a relationship between the Authority and another entity indicates that the entity is controlled by the Authority;
- Whether the Authority's exposure to possible losses is to be accounted for as a provision or a contingent liability; and
- Whether Academy, Voluntary Controlled and Voluntary Aided school assets should be included within the Authority's Balance Sheet.

## Note 4 – Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future, or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31st March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|---|---|---|
| **Non-Current Assets** | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.<br><br>It is estimated that the total annual depreciation charge would increase by £4.6M for every year that useful lives had to be reduced. |
| **Provisions** | The Authority has a provision of £2.919M for the settlement of claims relating to Business Rate Appeals, based on the number of claims received and an average settlement amount. It is not certain that all valid claims have yet been received by the Authority, or that precedents set by other authorities in the settlement of claims will be applicable. | A 10% increase in the provision required (either due to the number of claims or the estimated average settlement increasing) would have the effect of adding £0.292M to the provision made. |
| **Pensions Liability** | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. | The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of around £27.8M. Further impacts on the Pensions Liability as a result of changes to assumptions can be found at Note 37.<br>However, the assumptions interact in complex ways due to the number of variables involved. |
| **Arrears** | At 31st March 2017, the Authority had a balance of sundry debtors of £51.6M. The Authority undertakes a review each year on the likelihood of the debt outstanding being recovered. As a result of the review an impairment of doubtful debts of £13.1M has been calculated. However, in the current economic climate it is not certain that such an allowance would be sufficient. | If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £13.1M to be set aside as an allowance. |

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|---|---|---|
| **Fair Value Measurements** | When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for *similar* assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Authority's assets and liabilities.<br><br>Where Level 1 inputs are not available, the Authority employs or commissions relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for Surplus Assets & Assets Held for Sale, the Authority's chief valuation officer).<br><br>Information about the valuation techniques and inputs used in determining the fair value of the Authority's assets and liabilities is disclosed in Note 20, Note 24 and Note 28 respectively. | Non-Financial Assets:<br>The Authority uses the Market Approach model and the Income Approach model to measure the fair value of its Surplus Assets and its Assets held for Sale.<br><br>The significant observable inputs used in the fair value measurement include current market conditions, recent sales evidence, management assumptions regarding rent growth and discount rates – adjusted for regional factors.<br><br>Financial Assets:<br>The Authority uses comparisons around the fixed term deposits which are used to compare the fixed term investment with a comparable investment with the same / similar lender for the remaining period of the deposit.<br><br>Financial Liabilities:<br>The Authority assesses fair value by calculating the present value of cash flows that take place over the remaining life of the instruments.<br><br>Significant changes in any of the inputs would result in a significantly lower or higher fair value measurement for the Authority's assets and liabilities valued at fair value. |

## Note 5 – Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Section 151 Officer, the Service Director for Finance, on 30th June 2017. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2017, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information. The following post balance sheet events are non-adjusting events.

Snap Election

On 18th April 2017, Prime Minister Theresa May announced that a 'snap' election would take place on the 8th June 2017. The result of the election was a hung parliament with no political party obtaining an overall majority.

The impact on the Authority, at this time is uncertain.

Pensions Prepayment

The Authority has taken the decision to prepay the deficit element of its pension contributions upfront to South Yorkshire Pensions Authority, for three years hence. The total payment equated to £26.484M, which will be accounted for over the next triennial period to 2019/20.

Community Schools Conversion to Academy Status

Since April 2017, the following schools have converted to academy status and the net book value of the school building as at 31st March 2017 is shown in brackets:

- Netherwood ALC converted on 1st May 2017 (£49.706M);
- Hunningley Primary School converted on 1st June 2017 (£3.148M); and
- Worsborough Bank End Primary School converted on 1st June 2017 (£1.697M).

# NOTES PRIMARILY RELATING TO THE MOVEMENT IN RESERVES STATEMENT

## Note 6 – Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the Comprehensive Income and Expenditure Statement, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:

General Fund Balances

The General Fund is the statutory fund into which all the receipts of an Authority are required to be paid and out of which all liabilities of the Authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year. However, the balance is not available to be applied to fund HRA Services.

There are two types of General Fund balances as detailed below:

- Non-Specific Reserves – these reserves are general in nature and are not earmarked for a specific use in the future. Included within this balance are the Minimum Working Balance which is retained for unforeseen circumstances and Strategic Reserves that are held with consideration towards the Authority's Medium Term Financial Strategy; and
- Earmarked Reserves – these reserves have a specific use on a particular activity / scheme.

Note 7 identifies the movement between the two types of General Fund Reserves.

Housing Revenue Account (HRA) Balances

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part IV of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Authority's landlord function or, where in deficit, that is required to be recovered from tenants in future years.

The services provided by the HRA include; Council house management, rent collection, letting, tenant participation, repairs and maintenance, estate management, caretaking and other tenant related services.

Useable Capital Receipts Reserve

The Useable Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at year end.

Major Repairs Reserve

The Authority is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at year end.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure.

**Note 6**

| | Useable Reserves | | | | | Unusable Reserves |
|---|---|---|---|---|---|---|
| | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | Movement in Unusable Reserves |
| **2016/17 Adjustments** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Adjustments to Revenue Resources** | | | | | | |
| Amounts by which Income and Expenditure Included in the Comprehensive Income and Expenditure Statement are Different from Revenue for the Year Calculated in Accordance with Statutory Requirements: | | | | | | |
| Pensions Costs *(Transferred to (or from) the Pensions Reserve)* | 5,235 | - | - | - | - | (5,235) |
| Financial Instruments *(Transferred to the Financial Instruments Adjustments Account)* | (579) | (78) | - | - | - | 657 |
| Council Tax and NDR *(Transfers to or from Collection Fund)* | (3,623) | - | - | - | - | 3,623 |
| Holiday Pay *(Transferred to the Accumulated Absences Reserve)* | 2,303 | - | - | - | - | (2,303) |
| Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure *(These Items are Charged to the Capital Adjustment Account)* | 53,853 | (57,727) | - | 14,457 | - | (10,583) |
| **Sub Total – Adjustments to Revenue Resources** | **57,189** | **(57,805)** | **-** | **14,457** | **-** | **(13,841)** |
| **Adjustments Between Revenue and Capital Resources** | | | | | | |
| Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve | (3,919) | (7,192) | 11,111 | - | - | - |
| Administrative Costs of Non-Current Asset Disposals *(Funded by a Contribution from the Capital Receipts Reserve)* | - | 256 | (256) | - | - | - |
| Payments to the Government Housing Receipts Pool *(Funded by a Transfer from the Capital Receipts Reserve)* | 1,682 | - | (1,682) | - | - | - |
| Posting of HRA Resources from Revenue to the Major Repairs Reserve | - | (5,843) | - | 5,843 | - | - |
| Statutory Provision for the Repayment of Debt *(Transfer from the Capital Adjustment Account)* | (4,928) | (1,951) | - | - | - | 6,879 |
| Capital Expenditure Financed from Revenue Balances *(Transfer to the Capital Adjustment Account)* | (97) | (4,346) | - | - | - | 4,443 |
| **Sub Total – Adjustments Between Revenue & Capital Resources** | **(7,262)** | **(19,076)** | **9,173** | **5,843** | **-** | **11,322** |
| **Adjustments to Capital Resources** | | | | | | |
| Use of the Capital Receipts Reserve to Finance Capital Expenditure | - | - | (5,429) | - | | 5,429 |
| Use of the Major Repairs Reserve to Finance Capital Expenditure | - | - | - | (21,190) | - | 21,190 |
| Application of Capital Grants to Finance Capital Expenditure | (20,158) | - | - | - | (2,602) | 22,760 |
| Capital Grants Recognised, Not Yet Applied | (1,246) | - | - | - | 1,246 | - |
| Use of Resources to Write Down Debt | - | - | (5,987) | - | - | 5,987 |
| Receipts Received Relating to Loans/Investments Repaid in Year, Originally Funded From Capital Resources | - | - | 207 | - | - | (207) |
| Cash Payments in Relation to Deferred Capital Receipts | - | - | 1 | - | - | (1) |
| **Sub Total – Adjustments to Capital Resources** | **(21,404)** | **-** | **(11,208)** | **(21,190)** | **(1,356)** | **55,158** |
| | | | | | | |
| **Total Adjustments** | **28,523** | **(76,881)** | **(2,035)** | **(890)** | **(1,356)** | **52,639** |
| | MIRS / EFA | MIRS / EFA | MIRS | MIRS | MIRS | MIRS |

**Note 6**

| | Useable Reserves | | | | | Unusable Reserves |
|---|---|---|---|---|---|---|
| | General Fund Balance | Housing Revenue Account | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | Movement in Unusable Reserves |
| **2015/16 Adjustments** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Adjustments to Revenue Resources** | | | | | | |
| Amounts by which Income and Expenditure Included in the Comprehensive Income and Expenditure Statement are Different from Revenue for the Year Calculated in Accordance with Statutory Requirements: | | | | | | |
| Pensions Costs *(Transferred to (or from) the Pensions Reserve)* | 1,954 | - | - | - | - | (1,954) |
| Financial Instruments *(Transferred to the Financial Instruments Adjustments Account)* | (578) | (77) | - | - | - | 655 |
| Council Tax and NDR *(Transfers to or from Collection Fund)* | (1,450) | - | - | - | - | 1,450 |
| Holiday Pay *(Transferred to the Accumulated Absences Reserve)* | (2,790) | - | - | - | - | 2,790 |
| Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure *(These Items are Charged to the Capital Adjustment Account)* | 81,601 | 2,869 | - | 12,041 | - | (96,511) |
| **Sub Total – Adjustments to Revenue Resources** | **78,737** | **2,792** | | **12,041** | **-** | **(93,570)** |
| **Adjustments Between Revenue and Capital Resources** | | | | | | |
| Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve | (3,970) | (5,782) | 9,752 | - | - | - |
| Administrative Costs of Non-Current Asset Disposals *(Funded by a Contribution from the Capital Receipts Reserve)* | - | 192 | (192) | - | - | - |
| Payments to the Government Housing Receipts Pool *(Funded by a Transfer from the Capital Receipts Reserve)* | 1,728 | - | (1,728) | - | - | - |
| Posting of HRA Resources from Revenue to the Major Repairs Reserve | - | (7,578) | - | 7,578 | - | - |
| Statutory Provision for the Repayment of Debt *(Transfer from the Capital Adjustment Account)* | (5,020) | (1,876) | - | - | - | 6,896 |
| Capital Expenditure Financed from Revenue Balances *(Transfer to the Capital Adjustment Account)* | (40) | (4,178) | - | - | - | 4,218 |
| **Sub Total – Adjustments Between Revenue & Capital Resources** | **(7,302)** | **(19,222)** | **7,832** | **7,578** | **-** | **11,114** |
| **Adjustments to Capital Resources** | | | | | | |
| Use of the Capital Receipts Reserve to Finance Capital Expenditure | - | - | (11,104) | - | - | 11,104 |
| Use of the Major Repairs Reserve to Finance Capital Expenditure | - | - | - | (19,254) | - | 19,254 |
| Application of Capital Grants to Finance Capital Expenditure | (11,996) | - | - | - | (922) | 12,918 |
| Capital Grants Recognised, Not Yet Applied | (2,109) | | | | 2,109 | - |
| Use of Resources to Write Down Debt | - | - | (9,098) | - | - | 9,098 |
| Receipts Received Relating to Loans/Investments Repaid in Year, Originally Funded From Capital Resources | - | - | 220 | - | - | (220) |
| Cash Payments in Relation to Deferred Capital Receipts | - | - | - | - | - | - |
| **Sub Total – Adjustments to Capital Resources** | **(14,105)** | **-** | **(19,982)** | **(19,254)** | **1,187** | **52,154** |
| | | | | | | |
| **Total Adjustments** | **57,330** | **(16,430)** | **(12,150)** | **365** | **1,187** | **(30,302)** |
| | MIRS / EFA | MIRS / EFA | MIRS | MIRS | MIRS | MIRS |

Adjustments between Funding and Accounting Basis per Directorate

| **Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts** | 2016/17 Adjustments for Capital Purposes (Note 1) | Net Change for the Pensions Adjustments (Note 2) | Other Differences (Note 3) | **Total Adjustments** | |
|---|---|---|---|---|---|
| | **£000s** | **£000s** | **£000s** | **£000s** | |
| | | | | | |
| People | 9,851 | (2,911) | 2,249 | 9,189 | |
| Place | 17,282 | (618) | 8 | 16,672 | |
| HRA | (64,236) | - | - | (64,236) | |
| Communities | 2,456 | (319) | 10 | 2,147 | |
| Public Health | - | (57) | 30 | (27) | |
| Core Services | 12,108 | (489) | 18 | 11,637 | |
| Corporate Services | 480 | (2,195) | (12) | (1,727) | |
| **Net Cost of Services** | **(22,059)** | **(6,589)** | **2,303** | **(26,345)** | EFA |
| | | | | | |
| Other Operating Income & Expenditure | 9,010 | - | (657) | 8,353 | |
| Financing & Investment Income & Expenditure | - | 11,824 | (17,165) | (5,341) | |
| Taxation & Non Specific Grant Income | (21,404) | - | (3,621) | (25,025) | |
| **Difference Between General Fund /HRA Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services** | **(34,453)** | **5,235** | **(19,140)** | **(48,358)** | EFA |

| **Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts** | 2015/16 Adjustments for Capital Purposes (Note 1) | Net Change for the Pensions Adjustments (Note 2) | Other Differences (Note 3) | **Total Adjustments** | |
|---|---|---|---|---|---|
| | **£000s** | **£000s** | **£000s** | **£000s** | |
| | | | | | |
| People | 11,970 | (4,812) | (3,105) | **4,053** | |
| Place | 24,210 | (820) | 14 | **23,404** | |
| HRA | (645) | - | (2) | **(647)** | |
| Communities | 626 | (374) | 141 | **393** | |
| Public Health | - | (21) | (14) | **(35)** | |
| Core Services | 2,415 | (440) | 26 | **2,001** | |
| Corporate Services | - | (3,633) | 151 | **(3,482)** | |
| **Net Cost of Services** | **38,576** | **(10,100)** | **(2,789)** | **25,687** | EFA |
| | | | | | |
| Other Operating Income & Expenditure | 38,061 | - | (657) | **37,404** | |
| Financing & Investment Income & Expenditure | - | 12,054 | (18,689) | **(6,635)** | |
| Taxation & Non Specific Grant Income | (14,106) | - | (1,450) | **(15,556)** | |
| **Difference Between General Fund /HRA Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services** | **62,531** | **1,954** | **(23,585)** | **40,900** | EFA |

Note 1: Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- **Other Operating Income & Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- **Financing & Investment Income & Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- **Taxation & Non-Specific Grant Income & Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 2: Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For **Net Cost of Services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

- For **Financing & Investment Income & Expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Note 3: Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing & Investment Income & Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- The charge under **Taxation & Non-Specific Grant Income & Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

**Note 7 – Transfers To / From Earmarked Revenue Reserves**

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back to earmarked reserves to meet General Fund and HRA expenditure.

| | **Balance at 31st March 2015** | Transfers Out 2015/16 | Transfers In 2015/16 | **Balance at 31st March 2016** | Transfers Out 2016/17 | Transfers In 2016/17 | **Balance at 31st March 2017** |
|---|---|---|---|---|---|---|---|
| **General Fund :** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Earmarked Reserves :** | | | | | | | |
| School Balances | **4,394** | (4,394) | 5,055 | **5,055** | (5,055) | 3,583 | **3,583** |
| Town Centre Development | **19,000** | - | - | **19,000** | - | - | **19,000** |
| Town Centre Development - Phase 2 | **-** | - | - | **-** | (676) | 1,000 | **324** |
| Future Council Priorities | **3,949** | (3,000) | 22,899 | **23,848** | (3,688) | 18,182 | **38,342** |
| Future Council – Budget Mitigation | **9,000** | - | - | **9,000** | (2,000) | - | **7,000** |
| Future Council – Downsizing Costs | **7,533** | (5,389) | 2,730 | **4,874** | (3,785) | 11,500 | **12,589** |
| Future Council – Implementation | **1,910** | (109) | - | **1,801** | (1,500) | - | **301** |
| Invest to Improve Fund (Future Council) | **-** | - | 3,000 | **3,000** | (255) | - | **2,745** |
| Placement & Sufficiency Strategy (15/16) | **500** | (500) | - | **-** | - | - | **-** |
| Pay Award (Additional Costs) | **900** | (900) | - | **-** | - | - | **-** |
| Academy Review / Legal Costs | **1,000** | - | - | **1,000** | (480) | - | **520** |
| Customer Services Project | **-** | - | - | **-** | - | 500 | **500** |
| Moorland Plastics | **878** | (408) | - | **470** | - | - | **470** |
| Insurance Fund Reserve | **4,810** | (830) | - | **3,980** | (483) | - | **3,497** |
| Pension Fund | **500** | - | 6,000 | **6,500** | (6,500) | - | **-** |
| Jobs & Growth Plan (Tranche 1) | **680** | (680) | - | **-** | - | - | **-** |
| Jobs & Growth Plan (Tranche 2) | **2,200** | (570) | - | **1,630** | (663) | - | **967** |
| PFI / BSF Programme | **5,167** | - | - | **5,167** | (702) | 735 | **5,200** |
| Surplus 2016/17 | **-** | - | - | **-** | - | 2,764 | **2,764** |
| Others – New Earmarkings | **20,551** | (20,551) | 15,802 | **15,802** | (15,802) | 9,223 | **9,223** |
| **Sub Total – G/F Earmarked Reserves** | **82,972** | **(37,331)** | **55,486** | **101,127** | **(41,589)** | **47,487** | **107,025** |
| **Non-Earmarked Reserves :** | | | | | | | |
| Minimum Working Balances (Contingency for Unforeseen Events) | **10,000** | - | 5,000 | **15,000** | - | - | **15,000** |
| **Sub Total – G/F Non-Earmarked Reserves** | **10,000** | **-** | **5,000** | **15,000** | **-** | **-** | **15,000** |
| | | | | | | | |
| **Total – General Fund Reserves** | **92,972** | **(37,331)** | **60,486** | **116,127** | **(41,589)** | **47,487** | **122,025** |
| **Total General Fund Movement** | | **23,155** | | | **5,898** | | Balance Sheet |
| | | EFA / MIRS | | | EFA / MIRS | | |
| **HRA :** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Earmarked Reserves :** | | | | | | | |
| Disrepair Insurance | **107** | (107) | - | **-** | - | - | **-** |
| Sheltered Schemes Decoration & Furnishing | **16** | (16) | - | **-** | - | - | **-** |
| Budget Support | **23,300** | (7,712) | - | **15,588** | (2,196) | - | **13,392** |
| Housing Growth | **-** | - | 14,344 | **14,344** | - | - | **14,344** |
| Garage Regularisation | **15** | (15) | - | **-** | - | - | **-** |
| Welfare Reform | **5,519** | (2,519) | - | **3,000** | - | - | **3,000** |
| Impairment | **2,019** | (19) | - | **2,000** | - | - | **2,000** |
| Interest Rate Risk | **2,328** | (2,328) | - | **-** | - | - | **-** |
| Support to 30 Year Business Plan | **2,462** | (2,462) | - | **-** | - | - | **-** |
| Higher Value Sales Levy | **-** | - | 2,803 | **2,803** | (302) | - | **2,501** |
| Support For the Council's Strategic Objectives | **-** | - | - | **-** | - | 3,557 | **3,557** |
| Other | **10** | (10) | - | **-** | | | **-** |
| **Sub Total – HRA Earmarked Reserves** | **35,776** | **(15,188)** | **17,147** | **37,735** | **(2,498)** | **3,557** | **38,794** |
| **Non-Earmarked Reserves :** | | | | | | | |
| General Contingency | **1,000** | - | 2,598 | **3,598** | (98) | - | **3,500** |
| Heating Services Unit Contingency | **50** | (50) | - | **-** | - | - | **-** |
| **Sub Total – HRA Non-Earmarked Reserves** | **1,050** | **(50)** | **2,598** | **3,598** | **(98)** | **-** | **3,500** |
| | | | | | | | |
| **Total – HRA Reserves** | **36,826** | **(15,238)** | **19,745** | **41,333** | **(2,596)** | **3,557** | **42,294** |
| **Total HRA Movement** | | **4,507** | | | **961** | | Balance Sheet |
| | | EFA / MIRS | | | EFA / MIRS | | |

## Note 8 – Unusable Reserves

| 31st March 2015 £000s | 31st March 2016 £000s | | 31st March 2017 £000s | |
|---|---|---|---|---|
| (33) | 80 | Available for Sale Financial Instruments Reserve | 40 | |
| 81,469 | 57,329 | Capital Adjustment Account | 122,498 | |
| 64 | 64 | Deferred Capital Receipts Reserve | 63 | |
| (13,557) | (12,903) | Financial Instruments Adjustment Account | (12,246) | |
| (385,133) | (341,067) | Pensions Reserve | (468,206) | |
| 88,282 | 99,230 | Revaluation Reserve | 179,857 | |
| (4,584) | (1,795) | Accumulated Absences Account | (4,097) | |
| 7,183 | 8,633 | Collection Fund Adjustment Account | 12,255 | |
| **(226,309)** | **(190,429)** | **Total Unusable Reserves** | **(169,836)** | Balance Sheet |

Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains gains made by the Authority arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost; and
- Disposed of and the gains are realised.

| 2015/16 | | 2016/17 | | |
|---|---|---|---|---|
| £000s | | £000s | £000s | |
| **(33)** | **Balance at 1st April** | | **80** | |
| 113 | Upward Revaluation of Investments | - | | |
| - | Downward Revaluation in Investments not Charged to the Surplus/Deficit on the Provision of Services | (40) | | |
| **113** | | | **(40)** | CI&ES |
| - | Accumulated Gains on Assets Sold and Maturing Assets Written Out to the Comprehensive Income & Expenditure Statement as Part of Other Investment Income | | - | |
| **80** | **Balance at 31st March** | | **40** | |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as charges for depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains on donated assets that have yet to be consumed by the Authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6 provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

| 2015/16 | | 2016/17 | |
|---|---|---|---|
| £000s | | £000s | £000s |
| **81,469** | **Balance at 1st April** | | **57,329** |
| | **Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income & Expenditure Statement :** | | |
| (47,722) | - Charges for Depreciation & Impairment of Non-Current Assets | 12,610 | |
| (782) | - Amortisation of Intangible Assets | (807) | |
| (1,850) | - Revenue Expenditure Funded From Capital Under Statute | (4,200) | |
| (45,892) | - Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement | (18,185) | |
| **(96,246)** | | | **(10,582)** |
| **8,838** | Adjusting Amount Written Out to the Revaluation Reserve | | **9,269** |
| **(87,408)** | **Net Written Out Amount of the Cost of Non-Current Assets Consumed in Year** | | **(1,313)** |
| | **Capital Financing Applied in Year :** | | |
| 11,104 | - Use of the Capital Receipts Reserve to Finance New Expenditure | 5,429 | |
| 9,098 | - Use of the Capital Receipts Reserve to Write Down Debt Requirement | 5,987 | |
| 11,996 | - Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to Capital Financing | 20,158 | |
| 19,254 | - Use of Major Repairs Reserve to Finance New Capital Expenditure | 21,190 | |
| 922 | - Application of Grants to Capital Financing From Capital Grants Unapplied Account | 2,601 | |
| 6,895 | - Statutory Provision for the Financing of Capital Investment Charged Against the General Fund & HRA Balances | 6,878 | |
| 4,218 | - Capital Expenditure Charged Against the General Fund & HRA Balances | 4,443 | |
| **63,487** | | | **66,686** |
| - | Movement in the Market Value of Investment Properties Debited / Credited to the Comprehensive Income & Expenditure Statement | - | |
| (219) | Receipts Received Relating to Loans, Advances & Investments Made By The Authority, Originally Funded From Capital Resources, Thus Reducing The Ongoing Requirement to Borrow | (204) | |
| **(219)** | | | **(204)** |
| **57,329** | **Balance at 31st March** | | **122,498** |

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as useable for financing new capital expenditure until they are received. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

| 2015/16 | | 2016/17 |
|---|---|---|
| £000s | | £000s |
| **64** | **Balance at 1st April** | **64** |
| - | Transfer of Deferred Sale Proceeds Credited as Part of the Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement | - |
| - | Transfer to the Capital Receipts Reserve Upon Receipt of Cash | (1) |
| **64** | **Balance at 31st March** | **63** |

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax. The balance on the Account as at 31st March 2016 will be charged to the General Fund over the next 39 years.

| 2015/16 | | 2016/17 | |
|---|---|---|---|
| £000s | | £000s | £000s |
| **(13,557)** | **Balance at 1st April** | | **(12,903)** |
| - | Premiums Incurred in the Year & Charged to the Comprehensive Income & Expenditure Statement | - | |
| 654 | Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance With Statutory Requirements | 657 | |
| **654** | **Amount by Which Finance Costs Charged to the Comprehensive Income & Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements** | | **657** |
| | | | |
| **(12,903)** | **Balance at 31st March** | | **(12,246)** |

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service. The liabilities recognised are updated to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension's Reserve therefore shows a substantial shortfall in benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2015/16 | | 2016/17 | |
|---|---|---|---|
| £000s | | £000s | |
| **(385,133)** | **Balance at 1st April** | **(341,067)** | |
| 46,020 | Actuarial Gains or (Losses) on Pensions Assets & Liabilities | (121,906) | CI&ES |
| (26,651) | Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement | (29,200) | |
| 24,697 | Employer's Pensions Contributions | 23,967 | |
| **(341,067)** | **Balance at 31st March** | **(468,206)** | |

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation or;
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| 2015/16 | | 2016/17 | | |
|---|---|---|---|---|
| £000s | | £000s | £000s | |
| **88,282** | **Balance at 1st April** | | **99,230** | |
| 47,596 | Upward Revaluation of Assets | 185,374 | | |
| (3,033) | Downward Revaluation of Assets & Impairment Losses Not Charged to the Surplus / Deficit on the Provision of Services | (2,010) | | |
| (24,514) | Reversal Of Revaluation Loss (Net of Depreciation) | (93,468) | | |
| **20,049** | **Surplus or Deficit on Revaluation of Non-Current Assets Not Posted to The Surplus or Deficit on the Provision of Services** | | **89,896** | CI&ES |
| (3,800) | Difference Between Fair Value Depreciation & Historical Cost Depreciation | (4,613) | | |
| (3,489) | Revaluation Reserve Balances of Investment Properties Written Out on Transfer of Asset Category | - | | |
| (1,812) | Accumulated Gains on Assets Sold or Scrapped | (4,656) | | |
| **(9,101)** | **Amount Written Off to the Capital Adjustment Account** | | **(9,269)** | |
| | | | | |
| **99,230** | **Balance at 31st March** | | **179,857** | |

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March 2017. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.

| 2015/16 | | 2016/17 | |
|---|---|---|---|
| £000s | | £000s | £000s |
| **(4,584)** | **Balance at 1st April** | | **(1,795)** |
| 4,584 | Settlement or Cancellation of Accrual Made at the End of the Preceding Year | 1,795 | |
| (1,795) | Amounts Accrued at the End of the Current Year | (4,097) | |
| **2,789** | **Amount By Which Officer Remuneration Charged to the Comprehensive Income & Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance With Statutory Requirements** | | **(2,302)** |
| | | | |
| **(1,795)** | **Balance at 31st March** | | **(4,097)** |

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| 2015/16 | | 2016/17 | |
|---|---|---|---|
| £000s | | £000s | |
| **7,183** | **Balance at 1st April** | **8,633** | |
| 1,450 | Amount By Which Council Tax Income Credited to the Comprehensive Income & Expenditure Statement is Different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements | 3,622 | |
| **8,633** | **Balance at 31st March** | **12,255** | Collection Fund |

## NOTES PRIMARILY RELATING TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

### Note 9 – Expenditure & Income Analysed By Nature

The Authority's expenditure and income is analysed as follows:

| Expenditure / Income | 2015/16 £000s | 2016/17 £000s |
|---|---|---|
| **Expenditure:** | | |
| Employee Benefits Expenses | 182,610 | 186,992 |
| Other Services Expenses | 336,690 | 328,344 |
| Support Service Recharges | - | - |
| Depreciation, Amortisation, Impairment * | 50,684 | (7,573) |
| Interest Payments | 55,341 | 54,638 |
| Precepts & Levies | 623 | 471 |
| Payments to Housing Capital Receipts Pool | 1,728 | 1,682 |
| Write Out NBV Relating to the Disposal of Assets | 45,892 | 18,185 |
| **Total Expenditure** | **673,568** | **582,739** |
| **Income:** | | |
| Fees, Charges & Other Service Income | (183,230) | (146,089) |
| Interest & Investment Income | (1,366) | (625) |
| Income From Council Tax & Non-Domestic Rates | (103,445) | (109,047) |
| Government Grants & Contributions | (362,730) | (371,338) |
| Sale Proceeds Relating to the Disposal of Assets | (9,559) | (10,857) |
| **Total Income** | **(660,330)** | **(637,956)** |
| | | |
| **Surplus or Deficit on the Provision of Services** | **13,238** | **(55,217)** |
| | CI&ES | CI&ES |

* During the financial year, there was a change to the regional factor applied to the Authority's housing stock as stipulated by Government which resulted in large revaluation gains on housing stock. The negative figure in 2016/17 for Depreciation, Amortisation & Impairment is a result of this. Note 10 explains the change in more detail.

Segmental Expenditure & Income

Income from fees and charges received on a segmental basis is analysed below:

| Fees, Charges & Other Service Income: | 2015/16 £000s | 2016/17 £000s |
|---|---|---|
| People | (42,359) | (19,940) |
| Place | (20,014) | (16,414) |
| HRA | (74,788) | (73,388) |
| Communities | (8,287) | (3,405) |
| Public Health | (30) | (37) |
| Core Services | (30,222) | (26,652) |
| Corporate Services | (7,530) | (6,253) |
| **Total Income Analysed on a Segmental Basis** | **(183,230)** | **(146,089)** |

### Note 10 – Material Items of Income and Expense & Exceptional Items

In line with the Authority's accounting policies, this note identifies any material items of income or expense that occurred during 2016/17, defined as any individual transaction exceeding £10 Million to / from a single vendor or customer.

For the purposes of this note, there were no material items of income or expense during 2016/17.

Exceptional items are items of income or expenditure which are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly. All exceptional items are shown separately on the face of the Comprehensive Income & Expenditure Statement.

The exceptional items within the 'Other Operating Income & Expenditure' section of the Comprehensive Income & Expenditure Statement relate solely to the transfer of the Authority's maintained schools to Academy status (see arrangements at Note 26). The amounts written out of the Authority's Balance Sheet are as follows:

| 2015/16 | Other Land & Buildings | Vehicles, Plant, Furniture & Equipment | Total | |
|---|---|---|---|---|
| **Assets Relating To:** | **£000s** | **£000s** | **£000s** | |
| Carlton Community College | 16,394 | - | **16,394** | |
| Greenacre Special School | 15,030 | 58 | **15,088** | |
| High View Primary | 2,656 | - | **2,656** | |
| Hoyland Springwood | 1,279 | 6 | **1,285** | |
| Richard Newman | 2,021 | 30 | **2,051** | |
| Sandhill Primary | 1,757 | 7 | **1,764** | |
| Wombwell Park Street | 1,787 | - | **1,787** | |
| **Total** | **40,924** | **101** | **41,025** | CI&ES |

| 2016/17 | Other Land & Buildings | Vehicles, Plant, Furniture & Equipment | Total | |
|---|---|---|---|---|
| **Assets Relating To:** | **£000s** | **£000s** | **£000s** | |
| Ward Green Primary | 3,366 | 8 | **3,374** | |
| Wellgate Primary | 2,756 | 3 | **2,759** | |
| Kexbrough Primary | 2,171 | - | **2,171** | |
| Doncaster Road Primary | 1,448 | - | **1,448** | |
| **Total** | **9,741** | **11** | **9,752** | CI&ES |

Increase in Regional Discount Factor Relating to Valuation of Council Dwellings

The exceptional items within the 'Net Cost of Services' section of the Comprehensive Income & Expenditure Statement relate to the change to the regional factor applied to the Authority's housing stock as stipulated by Government.

Under RICS valuation rules, the valuation of the vacant possession value of local authority dwellings assets should be adjusted to reflect the fact that there are sitting tenants enjoying sub-market rents and tenants' rights including the Right to Buy. The method in which this is done is to apply a regional discount factor to the gross valuation. Up to and including 2015/16, this regional discount factor for Yorkshire & Humber was 31%. During 2016/17, that regional factor was increased to 41% which has resulted in a significant increase in the valuations of the Council's dwellings.

This change has resulted in exceptional items through the Comprehensive Income & Expenditure Statement relating to reversals of prior year revaluation losses. The Accounting Code of Practice dictates that any revaluation gain must be used to offset previous revaluation losses taken through the Comprehensive Income & Expenditure Statement in prior years.

The Housing Revenue Account Note B and Note G explain this further.

## Note 11 – Trading Operations

The Authority has established a number of trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Authority or other organisations. Details of those units with a turnover of greater than £4 million or a surplus or deficit greater than £1 million in either 2015/16 or 2016/17 are as follows:

| 2015/16 £000s | 2015/16 £000s | Trading Service | | 2016/17 £000s | 2016/17 £000s |
|---|---|---|---|---|---|
| (931) | | **Waste & Recycling** | Turnover | (1,026) | |
| 174 | | | Expenditure | 594 | |
| | **(757)** | | **(Surplus)/Deficit** | | **(432)** |
| (11,649) | | **Engineering Services** | Turnover | (9,921) | |
| 10,636 | | | Expenditure | 8,927 | |
| | **(1,013)** | | **(Surplus)/Deficit** | | **(994)** |
| (4,791) | | **Building Services** | Turnover | (4,413) | |
| 8,553 | | | Expenditure | 8,777 | |
| | **3,762** | | **(Surplus)/Deficit** | | **4,364** |
| (1,887) | | **Fleet Services** | Turnover | (1,923) | |
| 3,706 | | | Expenditure | 3,646 | |
| | **1,819** | | **(Surplus)/Deficit** | | **1,723** |
| (4,208) | | **Schools Catering** | Turnover | (3,929) | |
| 3,720 | | | Expenditure | 3,745 | |
| | **(488)** | | **(Surplus)/Deficit** | | **(184)** |
| (1,787) | | **Information Services (Bull TCL Contract)** | Turnover | - | |
| 4,498 | | | Expenditure | - | |
| | **2,711** | | **(Surplus)/Deficit** | | **-** |
| (3,059) | | **Information Services (Other)** | Turnover | (1,477) | |
| 5,732 | | | Expenditure | 7,502 | |
| | **2,673** | | **(Surplus)/Deficit** | | **6,025** |
| (1,444) | | **Markets** | Turnover | (1,205) | |
| 1,037 | | | Expenditure | 1,033 | |
| | **(407)** | | **(Surplus)/Deficit** | | **(172)** |
| (1,907) | | **Neighbourhood Services** | Turnover | (1,768) | |
| 3,405 | | | Expenditure | 3,345 | |
| | **1,498** | | **(Surplus)/Deficit** | | **1,577** |
| (17,405) | | **The Consolidated Results of the Other Trading Units** | Turnover | (14,275) | |
| 23,038 | | | Expenditure | 18,172 | |
| | **5,633** | | **(Surplus)/Deficit** | | **3,897** |
| **(49,068)** | | **TOTALS** | **Turnover** | **(39,937)** | |
| **64,499** | | | **Expenditure** | **55,741** | |
| | **15,431** | **Net (Surplus) / Deficit on Trading Operations** | | | **15,804** |

During 2016/17, the Authority changed the way in which it reported to Cabinet as part of the quarterly budget monitoring reports. The decision was made to focus purely on controllable income and expenditure to ensure that budget managers are held accountable for the areas that they control. One of the key changes to facilitate this was to cease making non controllable internal recharges to other areas of the Authority.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of the Authority's services to the public (e.g. refuse collection), whilst others are support services to those services (e.g. Information Services). The internal expenditure of these operations is allocated or recharged to headings in the Net Cost of Services. Only a residual amount of the net surplus / deficit on trading operations is charged as Financing and Investment Income and Expenditure (see Comprehensive Income & Expenditure Statement) relating to trading with external organisations:

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| 15,431 | Net Deficit on Trading Operations | 15,804 |
| 1,236 | Services to the Public Included in the Net Cost of Services | 1,481 |
| (17,177) | Support Services Recharged to Net Cost of Services | (18,443) |
| **(510)** | **Net Deficit / (Surplus) Posted to Financing & Investment Income & Expenditure** | **(1,158)** |

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## Note 12 – Impairment / Revaluation Losses

During 2016/17, the Authority has recognised revaluation losses of £4.590M (£3.748M in 2015/16) through the Comprehensive Income & Expenditure Statement as shown below:

| 2015/16 £000s | Asset Categories: | 2016/17 £000s |
|---|---|---|
| | **Charged to Net Cost of Services:** | |
| - | Council Dwellings | - |
| 3,494 | Other Land & Buildings | 4,561 |
| - | Infrastructure Assets | - |
| - | Assets Under Construction | - |
| 187 | Surplus Assets | 29 |
| 67 | Assets Held for Sale | - |
| **3,748** | **Total Charged to Net Cost of Services** | **4,590** |
| | **Charged to Financing & Investment Income & Expenditure:** | |
| - | Investment Properties | - |
| **-** | **Total Charged to Financing & Investment Income & Expenditure** | **-** |
| | | |
| **3,748** | **Total Charged to Comprehensive Income & Expenditure Statement** | **4,590** |

## Note 13 – Pooled Budgets

Children & Young People Service Aligned Budget Arrangement

The Authority has continued with the Children & Young People service aligned budget arrangement with Barnsley Clinical Commissioning Group (BCCG) which applies the flexibilities under Section 75 of the NHS Act, through a formal partnership agreement, hosted by the Authority.

The aligned budget arrangement has been subsumed within the Children's Trust arrangement and is managed by the Executive Commissioning Group (ECG), which is a sub-body of the Trust Executive Group (TEG).

The ECG, on behalf of the TEG, agrees the respective aligned budgets of both organisations and the funding allocations for the provision of integrated social & community health care services.

| 2015/16 Total £000s | | People Directorate £000s | Revenue Account £000s | 2016/17 Total £000s |
|---|---|---|---|---|
| | **Value of Aligned Budgets:** | | | |
| | Opening Balance at 1st April | | | |
| (5,841) | BCCG | (6,245) | - | **(6,245)** |
| (24,568) | Barnsley MBC | (26,144) | - | **(26,144)** |
| **(30,409)** | **Total** | **(32,389)** | **-** | **(32,389)** |
| | **Value of Commissioned Services:** | | | |
| 7,607 | SWYPFT* | 4,353 | - | **4,353** |
| 21,604 | Barnsley MBC | 26,574 | - | **26,574** |
| 1,198 | BCCG | 1,462 | - | **1,462** |
| 2,131 | Balance on Revenue Account | - | 3,190 | **3,190** |
| **32,540** | **Total** | **32,389** | **3,190** | **35,579** |
| | | | | |
| **2,131** | **Balance as at 31st March** | **-** | **3,190** | **3,190** |

*SWYPFT – South & West Yorkshire Partnership Foundation Trust.

# STATEMENT OF ACCOUNTS 2016/17

| 2015/16 Total £000s | | 2016/17 Total £000s |
|---|---|---|
| | **Distribution of Over-Spend:** | |
| (453) | BCCG | (567) |
| 2,584 | Barnsley MBC | 3,757 |
| **2,131** | **Total** | **3,190** |

Income & Expenditure Account

| 2015/16 Total £000s | | 2016/17 Total £000s |
|---|---|---|
| | **Income from Pooled Budget:** | |
| - | Balance Brought Forward | (327) |
| (30,409) | Pooled Budget Income | (32,062) |
| - | Other Funding | - |
| **(30,409)** | **Total** | **(32,389)** |
| | **Provider Expenditure:** | |
| 745 | Barnsley CCG | 895 |
| 24,067 | Barnsley MBC (CYP&F / PH) | 30,269 |
| 7,401 | SWYPFT | 4,353 |
| **32,213** | **Total** | **35,517** |
| | | |
| **1,804** | **Over / (Under) Spend** | **3,128** |
| 327 | Ring-Fenced & Carried Forward | 62 |
| **2,131** | **NET EXPENDITURE** | **3,190** |

## Governance Arrangements

The changing architecture of the NHS, particularly with the demise of the PCT has led to some changes in the Children Services partnership arrangements in Barnsley. The decision was made in 2013/14 to move from a pooled budget arrangement to one of alignment, underpinned by principles of partnership working and service integration at point of delivery. From a financial viewpoint, the move to aligned budgets does not pose any significant financial risk to the Authority as the funding / budget arrangement in the past is clearly separated and reflects the statutory functions of both organisations. The following are some of the structural changes to the arrangements:

1. BMBC will continue to act as the lead commissioner for all community health services (on behalf of the NHS Barnsley Clinical Commissioning Group (CCG)).

2. Children's community health services are delivered by South West Yorkshire Partnership NHS Foundation Trust (SWYPFT) under contract with clear accountability (in terms of performance and clinical risk) to the CCG for delivering improved outcomes. These health services include Children and Adolescent Mental Health Services (CAMHS), Children's Therapy (including physiotherapy, occupational and speech & language therapies), etc.

The Better Care Fund Pooled Arrangement

The CCG has entered into a 'pooled' budget arrangement with Barnsley Metropolitan Borough Council (BMBC) with effect from 1 April 2015. The aims of the BCF are to improve outcomes for the population of Barnsley by improving integration of health and social care services. This was underpinned by a Section 75 agreement between the commissioners. Governance arrangements are in place through the Barnsley Health and Wellbeing Board. The CCG is the host organisation of the pooled arrangement during the 2016/17 financial year.
A summary of the pooled budget is shown below:

| 2015/16 £000s | BCF Pooled Account | 2016/17 £000s |
|---|---|---|
| - | **Balance as at 1st April** | - |
| | **Contribution to the BCF Pool:** | |
| (17,370) | Barnsley Clinical Commissioning Group | (18,263) |
| (1,028) | Barnsley Metropolitan Borough Council | (2,331) |
| **(18,398)** | **Total** | **(20,594)** |
| | **Value of Commissioned Services:** | |
| 10,529 | Barnsley Clinical Commissioning Group | 8,323 |
| 7,869 | Barnsley Metropolitan Borough Council | 12,271 |
| **18,398** | **Total** | **20,594** |
| | | |
| - | **Balance as at 31st March** | - |

Explanation of Above Tables

- **Value of Aligned Budgets** – Represents the resources made available by both organisations to the arrangement from which services are commissioned.
- **Value of Commissioned Services** – Represents the value of the various services commissioned from the arrangement or pool resources and forms the budget figures against the individual client groups in the Income and Expenditure Account. This table also brings in any over or under-spends from the Income and Expenditure Account.
- **Balance at 31st March 2017** – Represents the net shortfall of funding across the pool, based on actual expenditure incurred against the resources made available by both organisations.
- **Distribution of Over-spend** – Represents the additional contribution required from both organisations in order to fund the over-spend and hence balance the pool.
- **Income and Expenditure Account** – Represents the value of services commissioned from the pool (budget) and the actual costs incurred by the providers in delivering those services, resulting in a net over / under-spend across the pool. This net over / under-spend is reflected in the Services Commissioned from Pooled Budget table.

**Note 14 – Members' Allowances**

The Authority paid the following amounts to members of the Authority during the year:

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| 679 | Basic Allowances | 691 |
| 236 | Special Responsibility Allowances | 239 |
| 11 | Expenses | 11 |
| **926** | **Total** | **941** |

## Note 15 – Officers' Remuneration & Exit Packages

The table below sets out the remuneration disclosures for Senior Officers of the Authority (as defined in Local Authority Accounting Panel Bulletin 85) whose salary is equal to or more than £50,000 per year:

| Post | 2016/17 | | | | |
|---|---|---|---|---|---|
| | Salary | Redundancy / Severance | Expenses / Allowances | Pension Contributions | Total Remuneration |
| | £000s | £000s | £000s | £000s | £000s |
| Diana Terris – Chief Executive | 155 | - | 1 | 20 | 176 |
| Executive Director – People | 125 | - | 1 | 16 | 142 |
| Executive Director – Place | 121 | - | 2 | 16 | 139 |
| Executive Director – Communities | 109 | - | - | 14 | 123 |
| Executive Director – Public Health | 104 | - | - | 15 | 119 |
| Frances Foster - Director – Finance, Assets & IT **A** | 125 | 92 | - | 89 | 306 |
| Julia Bell - Director – Human Resources, Performance & Communications **B** | 79 | 82 | - | 27 | 188 |
| Director of Legal & Governance | 105 | - | - | 14 | 119 |
| | | | | | |

Notes:

**A** Post holder left their post on 31st March 2017. Pension contributions for the year include pension strain costs of £72k. The salary cost includes £20k honoraria for the post holder's duties with SIGOMA.

**B** Post holder left their post on 31st December 2016. Pension contributions for the year include pension strain costs of £17k.

| Post | 2015/16 | | | | |
|---|---|---|---|---|---|
| | Salary | Redundancy / Severance | Expenses / Allowances | Pension Contributions | Total Remuneration |
| | £000s | £000s | £000s | £000s | £000s |
| Diana Terris – Chief Executive | 154 | - | 1 | 20 | 175 |
| Executive Director – People | 124 | - | - | 16 | 140 |
| Executive Director – Place | 118 | - | 2 | 15 | 135 |
| Executive Director – Communities – Up to August 2015 **A** | 52 | - | - | 7 | 59 |
| Executive Director – Communities – From September 2015 **A** | 61 | - | - | 8 | 69 |
| Executive Director - Public Health | 103 | - | - | 15 | 118 |
| Director - Finance, Assets & IT | 104 | - | - | 13 | 117 |
| Director – Human Resources, Performance & Communications | 104 | - | - | 13 | 117 |
| Director of Legal & Governance | 104 | - | - | 13 | 117 |
| | | | | | |

Notes:

**A** Post holder left in August 2015 and was replaced internally in September 2015.

The number of other employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000, is shown in the table below. The total number of employees falling within the various bands is affected by termination / redundancy payments made to certain employees who left the Authority during the year (in accordance with the Authority and Pension Authority's retirement schemes).

| Total Including One Off Payments (Redundancy, Equal Pay Claims, and Expenses etc.) | | Salary Only | | Total Including One Off Payments (Redundancy, Equal Pay Claims, and Expenses etc.) | | Salary Only |
|---|---|---|---|---|---|---|
| **2015/16 Council Officers Total** | **2015/16 Schools Total** | **2015/16 Council Officers Total** | **Remuneration Band** | **2016/17 Council Officers Total** | **2016/17 Schools Total** | **2016/17 Council Officers Total** |
| 25 | 29 | 22 | £50,000 - £54,999 | 28 | 26 | 18 |
| 11 | 24 | 10 | £55,000 - £59,999 | 16 | 22 | 15 |
| 11 | 16 | 9 | £60,000 - £64,999 | 11 | 13 | 6 |
| 10 | 11 | 10 | £65,000 - £69,999 | 8 | 4 | 6 |
| 7 | 10 | 5 | £70,000 - £74,999 | 9 | 11 | 8 |
| 5 | 3 | 5 | £75,000 - £79,999 | - | 3 | |
| 3 | 3 | 2 | £80,000 - £84,999 | 6 | 2 | 7 |
| 3 | - | 3 | £85,000 - £89,999 | 3 | - | - |
| 2 | - | 1 | £90,000 - £94,999 | - | - | - |
| - | 1 | - | £95,000 - £99,999 | - | 1 | - |
| - | 5 | - | £100,000 - £119,999 | - | 2 | - |
| - | - | - | £120,000 - £124,999 | - | 1 | - |
| - | - | - | £125,000 - £134,999 | - | - | - |
| **77** | **102** | **67** | | **81** | **85** | **60** |

The numbers of exit packages with total cost per band and total cost of the redundancies and other departures are set out in the table below:

| Exit Package Cost Band | Number of Redundancies | | Number of Other Departures | | Total Number of Exit Packages | | Total Cost of Exit Packages | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | **£000s** | **£000s** |
| | **2015/16** | **2016/17** | **2015/16** | **2016/17** | **2015/16** | **2016/17** | **2015/16** | **2016/17** |
| £0 - £20,000 | 152 | 51 | 17 | 22 | **169** | **73** | 1,305 | 486 |
| £20,001 - £40,000 | 10 | 3 | 5 | 3 | **15** | **6** | 399 | 149 |
| £40,001 - £60,000 | 2 | - | 2 | - | **4** | **-** | 211 | - |
| £60,001 - £80,000 | | - | | - | | **-** | | - |
| £80,001 - £100,000 | | - | - | - | **-** | **-** | | - |
| £100,001 - £150,000 | | - | - | - | **-** | **-** | | - |
| **Total Number of Exit Packages** | **164** | **54** | **24** | **25** | **188** | **79** | | |
| **Total Cost Included In Bandings** | | | | | | | **1,915** | **635** |
| Add: Amounts Provided For in CI&ES Not Included In Bandings | | | | | | | - | - |
| **Total Cost Included In The CI&ES** | | | | | | | **1,915** | **635** |

The exit packages relating to Senior Officers are not included in the exit packages table above as they are shown in the Senior Officers table.

## Note 16 – External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| 136 | Fees Payable to KPMG LLP With Regard to External Audit Services Carried Out by the Appointed Auditor for the Year | 136 |
| 15 | Fees Payable to KPMG LLP for the Certification of Grant Claims and Returns for the Year | 22 |
| 19 | Fees Payable in Respect of Other Services Provided by KPMG LLP During the Year | 11 |
| **170** | **Sub Total – Audit Fees Payable to KPMG LLP** | **169** |
| | | |
| **7** | **Fees Payable in Respect of Other Services Provided by Other Audit Companies** | **17** |
| | | |
| **177** | **Total** | **186** |

## Note 17 – Grant Income Recognised Through The Comprehensive Income & Expenditure Statement

All specific income relating to grants, contributions and donations that are significant in value are listed individually in the table below:

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| | **Credited to Taxation & Non-Specific Grant Income** | |
| (44,746) | Revenue Support Grant | (34,560) |
| (26,435) | Business Rates Retention Scheme – Top Up Grant | (26,655) |
| (2,477) | Section 31 Grant – SBRR | (1,994) |
| (12,787) | Other Grants | (18,767) |
| (1,319) | Other Contributions | (2,637) |
| **(87,764)** | **Total** | **(84,613)** |
| | **Credited to Services** | |
| (75,071) | Housing Benefit Subsidy | (73,158) |
| (114,795) | Dedicated Schools Grant | (107,110) |
| (34,207) | PFI Grant | (32,195) |
| (2,307) | Education Support Grant | (1,980) |
| (15,789) | Public Health Grant | (17,888) |
| (30,379) | Other Grants | (31,996) |
| (26,357) | Other Contributions | (19,204) |
| **(298,905)** | **Total** | **(283,531)** |

## Note 18 – Dedicated Schools Grant

The Authority's expenditure on schools is funded by grant monies (the Dedicated Schools Grant – DSG) provided by the Department for Education. DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget includes elements for a range of educational services provided on an Authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Over and under spends on the two elements are required to be accounted for separately.

Details of the deployment of DSG receivable are as follows:

| 2015/16 | | 2016/17 | | |
|---|---|---|---|---|
| **Total** | | **Central Expenditure** | **Individual Schools' Budget (ISB)** | **Total** |
| **£000s** | | **£000s** | **£000s** | **£000s** |
| **(157,206)** | Final DSG for 2016/17 before academy recoupment | | | **(158,720)** |
| **43,240** | Academy Figure Recouped for 2016/17 | | | **51,468** |
| **(113,966)** | **Total DSG After Academy Recoupment For 2016/17** | | | **(107,252)** |
| (1,108) | Plus: Brought Forward From 2015/16 | | | (500) |
| - | Less: Carry Forward To 2017/18 Agreed in Advance | | | - |
| **(115,074)** | **Agreed Initial Budgeted Distribution in 2015/16** | **(15,055)** | **(92,697)** | **(107,752)** |
| **-** | In Year Adjustments | - | - | **-** |
| **(115,074)** | **Final Budgeted Distribution For Year** | **(15,055)** | **(92,697)** | **(107,752)** |
| **15,292** | Less Actual Central Expenditure | 16,681 | **-** | **16,681** |
| **100,283** | Less Actual ISB Deployed To Schools | **-** | 93,697 | **93,697** |
| **(1,000)** | Plus Local Authority Contribution For Year | - | (1,000) | **(1,000)** |
| **(499)** | **Total Carry Forward To Following Year** | **1,626** | **-** | **1,626** |

## Note 19 – Related Parties

The Authority is required to disclose material transactions with related parties which are defined as bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have been able to limit another party's ability to bargain freely with the Authority.

***The Public Sector***

*Central Government*

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions with other parties (e.g. Council Tax bills, housing benefits). Grants received from Government Departments are set out in the subjective analysis in Note 9. Grant receipts outstanding at 31st March 2017 are shown in Note 33 and Grants recognised through the Comprehensive Income & Expenditure statement during the year are shown in Note 17.

*Local Authorities*

All local authorities are subject to common control by Central Government. They often work in partnership with each other to provide services to the public. The Authority has a number of specific relationships / partnerships with different local authorities including where it is a member of a City Region and other joint authorities such as South Yorkshire Fire & Rescue Authority, South Yorkshire Police & Crime Commissioner, and South Yorkshire Pensions Authority.

*NHS Bodies*

The Authority has pooled budget arrangements with NHS Barnsley Clinical Commissioning Group (CCG) for both the provision of Children's Care Services within Barnsley and the Better Care Fund (BCF). Transactions and balances outstanding specifically related to the pooling arrangements are detailed in Note 13.

***Related Individuals***

*Members*

Members of the Authority have direct control over the Authority's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in Note 14.

During 2016/17, no works or services were commissioned from companies with which a Member had an interest.

*Senior Officers*

Senior Officers within the Authority's Senior Management Team (SMT) are responsible for ensuring that policies approved and decisions made by members are implemented effectively. The remuneration of senior officers is shown in Note 15.

During 2016/17, no senior officers of the Authority have declared a material interest in any companies.

***Subsidiaries***

The Authority has interests in a number of wholly owned subsidiaries, details of which are shown below:

Berneslai Homes Ltd

Berneslai Homes Ltd is an Arm's Length Management Organisation responsible for managing homes on behalf of the Authority. Specifically, it is responsible for managing all the landlord services for the Authority's 18,608 homes including rent collection, arrears recovery, repairs and maintenance, dealing with empty properties and all tenancy matters.

Berneslai Homes Ltd is an independent company committed to working in partnership with the Authority and the communities in which it works to deliver high quality housing services to local people. The company came into existence in December 2002 and is a wholly owned subsidiary of the Authority but overseen by a Board of Directors rather than a Committee of the Authority.

The Authority guarantees the full amount of the pension fund deficit of Berneslai Homes. The actuary has assessed this deficit at £32.959M as at 31st March 2017 (£18.015M as at 31st March 2016). However, as the Authority considers it unlikely that this guarantee will be exercised, the £32.959M is disclosed as a contingent liability in the Authority's own accounts.

The Authority's group accounts consolidate Berneslai Homes' financial position into the overall group position.

# STATEMENT OF ACCOUNTS 2016/17

The latest two sets of Berneslai Homes' financial statements are summarised below:

| **Profit / Loss Account:** | **2015/16 £000s** | **2016/17 £000s** |
|---|---|---|
| Income | (35,086) | (36,167) |
| Expenditure | 35,511 | 35,490 |
| **(Profit) / Loss** | **425** | **(677)** |

| **Balance Sheet:** | **2015/16 £000s** | **2016/17 £000s** |
|---|---|---|
| Assets | 11,900 | 15,063 |
| Liabilities | (21,122) | (37,012) |
| **Net Assets** | **(9,222)** | **(21,949)** |
| | | |
| Retained Surplus / (Deficit) | 8,793 | 11,010 |
| Pension Deficit | (18,015) | (32,959) |
| **Net Reserves** | **(9,222)** | **(21,949)** |

An analysis of both Berneslai Homes' income and expenditure for the accounting periods above and asset and liability balances at the end of those accounting periods is shown in the table below, specifically showing:

- Of the income and expenditure amounts above, the amounts that relate to the Council; and
- Of the assets and liabilities position above, the amounts that relate to the Council.

| **Related Party Transactions:** | **2015/16 £000s** | **2016/17 £000s** |
|---|---|---|
| Income | (30,900) | (35,890) |
| Expenditure | 5,686 | 5,480 |
| Assets | 5,390 | 4,527 |
| Liabilities | (207) | (359) |

BMBC Services Ltd

BMBC Services Ltd is a 100% wholly owned subsidiary of the Authority that commenced trading in September 2014. The latest set of financial statements are summarised below:

The latest two sets of BMBC Services Ltd's financial statements are summarised below:

| **Profit / Loss Account:** | **2014/15 (Sept 2014 – Aug 2015) * £000s** | **2015/16 (Sept 2015 – Mar 2016) * £000s** |
|---|---|---|
| Income | (862) | (1,880) |
| Expenditure | 744 | 1,842 |
| **(Profit) / Loss** | **(118)** | **(38)** |

* The first year of trading commenced in September 2014 with the financial year September to August for this first year. For 2015/16, the company changed its financial year to April to March, which meant a 7 month period for 2015/16, between September to March. From 2016/17, the financial year is April to March.

| **Balance Sheet:** | **2014/15 (30th August 2015) £000s** | **2015/16 (31st March 2016) £000s** |
|---|---|---|
| Assets | 955 | 2,642 |
| Liabilities | (837) | (2,486) |
| **Net Assets** | **118** | **156** |
| | | |
| Retained Surplus / (Deficit) | **118** | **156** |
| **Net Reserves** | **118** | **156** |

An analysis of both BMBC Services Ltd's income and expenditure for the accounting periods above and asset and liability balances at the end of those accounting periods is shown in the table below, specifically showing:

- Of the income and expenditure amounts above, the amounts that relate to the Council; and
- Of the assets and liabilities position above, the amounts that relate to the Council.

# STATEMENT OF ACCOUNTS 2016/17

| Related Party Transactions: | 2015/16 £000s | 2016/17 £000s |
|---|---|---|
| Income | (208) | (442) |
| Expenditure | 705 | 1,827 |
| Assets | 208 | 442 |
| Liabilities | (644) | (1,827) |

*Enquiries regarding obtaining copies of the accounts should be made to the Borough Secretary, Barnsley MBC Legal Department, Westgate Plaza 1, Barnsley S70 2DR*

Independent Living at Home Ltd

Independent Living at Home Ltd is a 100% wholly owned subsidiary of the Authority that commenced trading in February 2015 and ceased trading in April 2016.

The latest two sets of Independent Living at Home Ltd's financial statements are summarised below:

| Profit / Loss Account: | 2015/16 (Oct 2014 - Mar 2016) * £000s | 2016/17 £000s |
|---|---|---|
| Income | - | - |
| Expenditure | 66 | |
| **(Profit) / Loss** | **66** | **-** |

* The first accounting period was the 17 month period from date of inception (October 2014) to March 2016. From 2016/17, the financial year is April to March.

| Balance Sheet: | 2015/16 £000s | 2016/17 £000s |
|---|---|---|
| Assets | 66 | - |
| Liabilities | (132) | - |
| **Net Assets** | **(66)** | **-** |
| | | |
| Retained Surplus / (Deficit) | (66) | |
| **Net Reserves** | **(66)** | |

An analysis of both Independent Living at Home Ltd's income and expenditure for the accounting periods above and asset and liability balances at the end of those accounting periods is shown in the table below, specifically showing:

- Of the income and expenditure amounts above, the amounts that relate to the Council; and
- Of the assets and liabilities position above, the amounts that relate to the Council.

| Related Party Transactions: | 2015/16 £000s | 2016/17 £000s |
|---|---|---|
| Income | - | - |
| Expenditure | - | - |
| Assets | - | - |
| Liabilities | (132) | - |

*Enquiries regarding obtaining copies of the accounts should be made to the Borough Secretary, Barnsley MBC Legal Department, Westgate Plaza 1, Barnsley S70 2DR*

Independent Living at Home (Barnsley) Ltd

Independent Living at Home (Barnsley) Ltd is a 100% wholly owned subsidiary of the Authority that commenced trading in February 2015.

The latest two sets of Independent Living at Home (Barnsley) Ltd's financial statements are summarised below:

| Profit / Loss Account: | 2014/15 (Jul 2014 - Jul 2015) * £000s | 2015/16 (Aug 2015 – March 2016) * £000s |
|---|---|---|
| Income | (1,074) | (2,113) |
| Expenditure | 1,169 | 2,869 |
| **(Profit) / Loss** | **95** | **756** |

* The first accounting period was the 12 month period from date of inception (July 2014) to July 2015. From 2016/17, the financial year is April to March. For 2015/16, the company changed its financial year to April to March, which meant a 8 month period for 2015/16, between August to March. From 2016/17, the financial year is April to March.

| **Balance Sheet:** | **2014/15 31st July 2015 £000s** | **2015/16 31st March 2016 £000s** |
|---|---|---|
| Assets | 683 | 1,125 |
| Liabilities | (707) | (1,765) |
| **Net Assets** | **(24)** | **(640)** |
| | | |
| Retained Surplus / (Deficit) | (24) | (640) |
| Pensions Deficit | (508) | (686) |
| **Net Reserves** | **(532)** | **(1,326)** |

An analysis of both Independent Living at Home (Barnsley) Ltd's income and expenditure for the accounting periods above and asset and liability balances at the end of those accounting periods is shown in the table below, specifically showing:

- Of the income and expenditure amounts above, the amounts that relate to the Council; and
- Of the assets and liabilities position above, the amounts that relate to the Council.

| **Related Party Transactions:** | **2014/15 £000s** | **2015/16 £000s** |
|---|---|---|
| Income | (826) | (1,581) |
| Expenditure | - | 367 |
| Assets | 238 | 542 |
| Liabilities | (246) | (603) |

*Enquiries regarding obtaining copies of the accounts should be made to the Borough Secretary, Barnsley MBC Legal Department, Westgate Plaza 1, Barnsley S70 2DR*

***Joint Ventures***

Oakwell Community Assets Ltd (OCAL)

The company was incorporated on 30th September 2003, but started trading under its present name in October 2003. The main activities of the company relate to the purchase of land and buildings at Oakwell which are subsequently leased to Barnsley Football Club 2002 Ltd. The joint venture company is jointly owned by the Authority and Mr Patrick Cryne, each owning 50% of the share capital of the company.

*Enquiries regarding obtaining copies of the accounts should be made to the Company Secretary, Westgate Plaza 1, Barnsley, S70 2DR*

NPS Barnsley Ltd

The company began trading in January 2011. The main activity of the company is to provide property and procurement services on behalf of the Authority. The joint venture company is jointly owned by the Authority (20%) and NORSE property services (80%).

*Enquiries regarding obtaining copies of the accounts should be made to the Borough Secretary, Barnsley MBC Legal Department, Westgate Plaza 1, Barnsley S70 2DR*

**Other Arrangements:**

Agency Arrangements

The Authority also acts as an agent for other Government departments, local precepting authorities and Local Parish Councils, in the collection of Council Tax and National Non-Domestic Rates. The expenditure incurred and income received in relation to these arrangements is shown within the Collection Fund Statement.

# STATEMENT OF ACCOUNTS 2016/17

## NOTES PRIMARILY RELATING TO THE BALANCE SHEET

### Note 20 – Property, Plant and Equipment

| 2016/17 | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, Furniture & Equipment £000s | Infrastructure Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | Total £000s | PFI Assets included in Property, Plant & Equipment £000s |
|---|---|---|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | | | | |
| **At 1st April 2016** | **414,124** | **434,328** | **16,359** | **325,113** | **5,334** | **1,545** | **1,196,803** | **155,385** |
| | | | | | | | | |
| Additions / Enhancements | 1,588 | 9,387 | 1,558 | 14,485 | - | - | 27,018 | - |
| Additions / Enhancements – Non-Value Adding | 22,876 | 13,765 | - | - | - | - | 36,641 | - |
| Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve | 61,640 | 5,549 | - | - | - | 332 | 67,521 | 196 |
| Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services | 86,281 | 2,550 | - | - | - | 46 | 88,877 | 2,000 |
| Impairments – Non-Value Adding Expenditure | (22,876) | (13,765) | - | - | - | - | (36,641) | - |
| De-recognition – Disposals | (6,520) | (14,324) | (4,036) | (2,260) | - | (174) | (27,314) | - |
| Assets Reclassified (To) / From Held for Sale | - | - | - | - | - | (500) | (500) | - |
| Transfer | 4,200 | (3,176) | - | - | (5,334) | 4,310 | - | - |
| **At 31st March 2017** | **561,313** | **434,314** | **13,881** | **337,338** | **-** | **5,559** | **1,352,405** | **157,581** |
| **Accumulated Depreciation** | | | | | | | | |
| **At 1st April 2016** | **(11,370)** | **(35,907)** | **(9,990)** | **(82,809)** | **-** | **(44)** | **(140,120)** | **(11,343)** |
| | | | | | | | | |
| Depreciation Charge | (13,835) | (12,569) | (3,154) | (7,951) | - | (271) | (37,780) | (3,835) |
| Depreciation Written Out to the Revaluation Reserve | 11,395 | 10,452 | - | - | - | 546 | 22,393 | 1,494 |
| De-recognition – Disposals | 279 | 3,413 | 4,024 | 2,260 | - | - | 9,976 | - |
| Transfers | (26) | 527 | - | - | - | (501) | - | - |
| **At 31st March 2017** | **(13,557)** | **(34,084)** | **(9,120)** | **(88,500)** | **-** | **(270)** | **(145,531)** | **(13,684)** |
| **Net Book Value** | | | | | | | | |
| **At 31st March 2016** | **402,754** | **398,421** | **6,369** | **242,304** | **5,334** | **1,501** | **1,056,683** | **144,042** |
| | | | | | | | | |
| **At 31st March 2017** | **547,756** | **400,230** | **4,761** | **248,838** | **-** | **5,289** | **1,206,874** | **143,897** |
| | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | |

| Comparative Movements in 2015/16 | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, Furniture & Equipment £000s | Infrastructure Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | Total £000s | PFI Assets included in Property, Plant & Equipment £000s |
|---|---|---|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | | | | |
| **At 1st April 2015** | **400,362** | **429,348** | **20,039** | **315,975** | **-** | **2,275** | **1,167,999** | **142,985** |
| | | | | | | | | |
| Additions / Enhancements | 100 | 22,649 | 3,792 | 11,830 | 5,334 | - | 43,705 | 19,276 |
| Additions / Enhancements – Non-Value Adding | 21,427 | 10,204 | - | - | - | - | 31,631 | - |
| Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve | 14,234 | 8,104 | - | - | - | 1,785 | 24,123 | 1,044 |
| Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services | - | (3,494) | - | - | - | (187) | (3,681) | - |
| Impairments – Non-Value Adding Expenditure | (21,427) | (10,204) | - | - | - | - | (31,631) | - |
| De-recognition – Disposals | (3,557) | (48,671) | (7,472) | (2,427) | - | (89) | (62,216) | (7,920) |
| Assets Reclassified (To) / From Held for Sale | - | 1 | - | - | - | (4,748) | (4,747) | - |
| Transfer | 2,985 | 26,391 | - | (265) | - | 2,509 | 31,620 | - |
| **At 31st March 2016** | **414,124** | **434,328** | **16,359** | **325,113** | **5,334** | **1,545** | **1,196,803** | **155,385** |
| **Accumulated Depreciation** | | | | | | | | |
| **At 1st April 2015** | **(11,024)** | **(36,968)** | **(14,102)** | **(77,424)** | **-** | **(149)** | **(139,667)** | **(10,042)** |
| | | | | | | | | |
| Depreciation Charge | (11,522) | (14,545) | (3,250) | (7,812) | - | (56) | (37,185) | (3,652) |
| Depreciation Written Out to the Revaluation Reserve | 11,060 | 9,169 | - | - | - | 128 | 20,357 | 631 |
| De-recognition – Disposals | 153 | 6,400 | 7,362 | 2,427 | - | 33 | 16,375 | 1,720 |
| Transfers | (37) | 37 | - | - | - | - | - | - |
| **At 31st March 2016** | **(11,370)** | **(35,907)** | **(9,990)** | **(82,809)** | **-** | **(44)** | **(140,120)** | **(11,343)** |
| **Net Book Value** | | | | | | | | |
| **At 31st March 2015** | **389,338** | **392,380** | **5,937** | **238,551** | **-** | **2,126** | **1,028,332** | **132,943** |
| | | | | | | | | |
| **At 31st March 2016** | **402,754** | **398,421** | **6,369** | **242,304** | **5,334** | **1,501** | **1,056,683** | **144,042** |
| | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | Balance Sheet | |

**Depreciation:**

Please see Note 1, the Statement of Accounting Policies for details regarding depreciation methods and the useful lives of each asset type.

**Capital Commitments:**

At 31st March 2017, the Council had contractually committed to £60.959M of capital works within its capital programme. The corresponding amount contractually committed as at 31st March 2016 was £80.122M. The major commitments are:

- Town Centre Regeneration - £32.444M;
- M1 Junction 36 Phase 1 - £12.569M;
- HRA Kier Contract - £5.716M; and
- Other - £10.230M.

**Effects of Changes in Estimates:**

There have been no changes to the depreciation methodologies used during 2016/17.

**Revaluations:**

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value, is revalued at least every five years. All valuations are certified by Tim Hartley, MRICS (Strategic Asset Manager), an employee of the Authority.

The basis for valuation is set out in Note 1 – Statement of Accounting Policies.

| | Council Dwellings £000s | Other Land and Buildings £000s | Vehicles, Plant, Furniture & Equipment £000s | Infrastructure Assets £000s | Assets Under Construction £000s | Surplus Assets £000s | Total £000s |
|---|---|---|---|---|---|---|---|
| Carried at Historical Cost | - | - | 13,881 | 337,338 | - | - | **351,219** |
| Valued at Fair Value: | | | | | | | |
| 2016/17 | 561,313 | 152,203 | - | - | - | 5,132 | **718,648** |
| 2015/16 | - | 76,740 | - | - | - | 365 | **77,105** |
| 2014/15 | - | 53,413 | - | - | - | - | **53,413** |
| 2013/14 | - | 25,303 | - | - | - | 40 | **25,343** |
| 2012/13 | - | 126,655 | - | - | - | 22 | **126,677** |
| **Net Book Value** | **561,313** | **434,314** | **13,881** | **337,338** | **-** | **5,559** | **1,352,405** |

**Fair Value Measurement of Surplus Assets:**

Details of the Authority’s Surplus Assets and information about the fair value hierarchy are as follows:

| Recurring Fair Value Measurements Using: | **Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s** | **Other Significant Observable Inputs** (Level 2) **£000s** | **Significant Unobservable Inputs** (Level 3) **£000s** | **Fair Value as at 31st March 2017** **£000s** | **Accumulated Depreciation** **£000s** | **Net Book Value as at 31st March 2017** **£000s** |
|---|---|---|---|---|---|---|
| Surplus Buildings | - | 530 | - | 530 | (270) | 260 |
| Surplus Land – Agricultural | - | - | - | - | - | - |
| Surplus Land – Allotment | - | - | - | - | - | - |
| Surplus Land – Amenity Land | - | 10 | - | 10 | - | 10 |
| Surplus Land – Garage Site | - | 45 | - | 45 | - | 45 |
| Surplus Land – Garden Land | - | 24 | - | 24 | - | 24 |
| Surplus Land – Grazing Land | - | 42 | - | 42 | - | 42 |
| Surplus Land – Residential | - | 4,908 | - | 4,908 | - | 4,908 |
| **Net Book Value** | **-** | **5,559** | **-** | **5,559** | **(270)** | **5,289** |

Balance Sheet

Prior Year Comparator:

| Recurring Fair Value Measurements Using: | **Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s** | **Other Significant Observable Inputs** (Level 2) **£000s** | **Significant Unobservable Inputs** (Level 3) **£000s** | **Fair Value as at 31st March 2016** **£000s** | **Accumulated Depreciation** **£000s** | **Net Book Value as at 31st March 2016** **£000s** |
|---|---|---|---|---|---|---|
| Surplus Buildings | - | 45 | - | 45 | (45) | - |
| Surplus Land – Agricultural | - | - | - | - | - | - |
| Surplus Land – Allotment | - | - | - | - | - | - |
| Surplus Land – Amenity Land | - | 10 | - | 10 | - | 10 |
| Surplus Land – Garage Site | - | 146 | - | 146 | - | 146 |
| Surplus Land – Garden Land | - | 13 | - | 13 | - | 13 |
| Surplus Land – Grazing Land | - | 42 | - | 42 | - | 42 |
| Surplus Land – Residential | - | 1,290 | - | 1,290 | - | 1,290 |
| **Net Book Value** | **-** | **1,546** | **-** | **1,546** | **(45)** | **1,501** |

Balance Sheet

Valuation Techniques used to Determine Level 2 Fair Values for Surplus Assets

Significant Observable Inputs – Level 2 – Market Approach

The fair value for the areas of land or buildings, both Commercial and Residential, have been based on the market approach using current market conditions and recent sales evidence and other relevant information for similar assets in the local authority area. Market conditions are such that similar areas of land or buildings are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Observable Inputs – Level 2 – Income Approach

Where the income approach has been adopted the fair value has been based on observable rental evidence and then capitalised based on observable yields derived from market transactions.

## Note 21 – Investment Properties

A fundamental review was undertaken during 2015/16 around the definition and criteria for investment properties against the Council's asset base, with consideration given towards the Council's revised operating model of 'Future Council'. The outcome of this review was that the assets that were previously held as investment properties no longer met the definition, thus they have been transferred to operational Property, Plant & Equipment as these assets were now contributing to the Council's overall vision of a Better Barnsley and assisting in achieving the Corporate Outcomes of the Council.

The following table summarises the movement in the fair value of investment properties over the year:

| **2015/16** | | **2016/17** |
|---|---|---|
| **£000s** | | **£000s** |
| **31,620** | **Balance at 1st April** | **-** |
| | Additions : | |
| - | - Purchases | - |
| - | - Construction | - |
| - | - Subsequent Expenditure | - |
| - | - Additions / Enhancements – Non-Value Adding | - |
| - | Disposals | - |
| - | Net Gains / (Losses) From Fair Value Adjustments | - |
| - | Impairment – Non-Value Adding | - |
| | Transfers: | |
| (31,620) | - To / (From) | - |
| **-** | **Balance at 31st March** | **-** |

Balance Sheet

**Note 22 – Heritage Assets**

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority:

| | Ceramics £000s | Art Collections £000s | Other £000s | Total Assets £000s | |
|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | |
| **At 1st April 2015** | **594** | **8,355** | **1,422** | **10,371** | |
| Additions / Enhancements | - | - | 56 | 56 | |
| Disposals | - | - | - | - | |
| **At 31st March 2016** | **594** | **8,355** | **1,478** | **10,427** | Balance Sheet |
| Additions / Enhancements | - | - | - | - | |
| Disposals | - | - | - | - | |
| **At 31st March 2017** | **594** | **8,355** | **1,478** | **10,427** | Balance Sheet |
| **Net Book Value** | | | | | |
| **At 31st March 2016** | **594** | **8,355** | **1,478** | **10,427** | |
| **At 31st March 2017** | **594** | **8,355** | **1,478** | **10,427** | |

Detail of Movements in Heritage Assets: Additions / Enhancements

Additions & Enhancements comprise:

| | 2015/16 £000s | 2016/17 £000s |
|---|---|---|
| Enhancement of the Newcomen Beam Engine | 56 | - |
| **Total** | **56** | **-** |

Detail of Movements in Heritage Assets: Disposals

There were no disposals of heritage assets during 2016/17 (nil in 2015/16).

Intangible Heritage Assets

There are no intangible heritage assets held by the Authority as at 31st March 2017 (nil as at 31st March 2016).

Further Details of Heritage Assets

Ceramics, Porcelain Work and Figurines

The collection of ceramics, porcelain work and figurines includes some 766 pieces held on display by the Cannon Hall Museum and the Town Hall, dating back to the late 17th century. Most of the collection was acquired in the 18th and 19th century from local benefactors. This is a diverse collection of figurines, decorated porcelain vases and dinner service pieces.

The Authority's collection of ceramics, porcelain work and figurines at Cannon Hall totals £0.443M and Civic Regalia totals £0.151M. The Cannon Hall pieces were valued by Bonhams in August 2009 and the Civic Regalia pieces were valued by Douglas Brill Associates in October 2006. The assets were valued, based on insurance valuations as a proxy for open market valuations.

Art Collection

The collection consists of 479 paintings dating from over the last 500 years. Approximately £1.838M of the collection was provided by Cooper Bequest and £0.912M by Sadler Gifts. The arts collection is housed in the Authority's Cannon Hall and Cooper Gallery Museums. The collection also contains a landscape painting by Giovanni Antonio Canaletto.

The Authority's art collection consists of paintings held at Cooper Gallery totalling £3.661M and Cannon Hall totalling £4.694M. The Cooper Gallery paintings were valued by Bonhams in April 2010 and the Cannon Hall pieces were valued by Bonhams in August 2009. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Other

The remaining Heritage Assets held by the Authority totals £1.478M mainly relating to the new Mining Artwork sculpture, The Newcomen Beam Engine, Civic Regalia pieces, furniture and metal work pieces. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Details in respect of the records held by the Authority on its Heritage Assets, together with information relating to access of those assets can be obtained by contacting the Authority.

## Note 23 – Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system, in which case it would be accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software suites used by the Authority are:

| Useful Life | Purchased Software |
|---|---|
| | £000s |
| 7 Years | Communities Directorate – Customer Services Project (£1.127M) |

The carrying amount of intangible assets are amortised on a straight-line basis. The amortisation of £0.814M has been charged to the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

The movement of Intangible Asset balances during the year are as follows:

| 2015/16 Purchased Software £000s | | 2016/17 Purchased Software £000s | |
|---|---|---|---|
| | **Balance at 1st April :** | | |
| **3,960** | - Gross Carrying Amounts | **3,626** | |
| **(1,485)** | - Accumulated Amortisation | **(1,683)** | |
| **2,475** | **Net Carrying Amount at 1st April** | **1,943** | |
| | **Additions:** | | |
| 250 | Purchases | 769 | |
| | **Disposals:** | | |
| (584) | Other Disposals – Gross Carrying Amounts | (174) | |
| 584 | Other Disposals – Accumulated Amortisation | 174 | |
| | **Amortisation:** | | |
| (782) | Amortisation for the Period | (814) | |
| **1,943** | **Net Carrying Amount at 31st March** | **1,898** | Balance Sheet |
| | **Comprising :** | | |
| **3,626** | Gross Carrying Amounts | **4,221** | |
| **(1,683)** | Accumulated Amortisation | **(2,323)** | |
| **1,943** | | **1,898** | |

There is one item of capitalised software that is individually material (greater than £1.0M) to the financial statements:

| Description | Carrying Amount 2015/16 £000s | Carrying Amount 2016/17 £000s | Remaining Amortisation Period |
|---|---|---|---|
| Customer Services Software | 1,336 | 1,127 | £0.245M – 2 years<br>£0.480M – 3 years<br>£0.106M – 6 years<br>£0.296M – 7 years |

## Note 24 – Assets Held for Sale

| 2015/16 £000s | Current Assets | 2016/17 £000s |
|---|---|---|
| **70** | **Balance Outstanding at 1st April** | **4,780** |
| | Assets Newly Classified as Held for Sale : | |
| 4,758 | - Surplus Assets | 500 |
| 84 | Revaluation Gains | 1 |
| (70) | Revaluation Losses | (1,405) |
| | Assets Declassified as Held for Sale : | |
| (1) | - Property, Plant & Equipment | - |
| (10) | - Surplus Assets | - |
| (51) | Assets Sold | (848) |
| **4,780** | **Balance Outstanding at 31st March** | **3,028** |

Balance Sheet

Fair Value Measurement of Assets Held for Sale:

Details of the Authority's Assets Held for Sale and information about the fair value hierarchy are as follows:

| Recurring Fair Value Measurements Using: | Quoted Prices in Active Markets for Identical Assets (Level 1) £000s | Other Significant Observable Inputs (Level 2) £000s | Significant Unobservable Inputs (Level 3) £000s | Fair Value / Net Book Value as at 31st March 2017 £000s |
|---|---|---|---|---|
| Surplus Buildings | - | - | - | - |
| Surplus Land – Amenity Land | - | 3 | - | 3 |
| Surplus Land – Commercial | - | 1,375 | - | 1,375 |
| Surplus Land – Garage Site | - | - | - | - |
| Surplus Land – Garden Land | - | - | - | - |
| Surplus Land – Residential | - | 1,650 | - | 1,650 |
| **Net Book Value** | **-** | **3,028** | **-** | **3,028** |

Balance Sheet

Prior Year Comparator:

| Recurring Fair Value Measurements Using: | Quoted Prices in Active Markets for Identical Assets (Level 1) £000s | Other Significant Observable Inputs (Level 2) £000s | Significant Unobservable Inputs (Level 3) £000s | Fair Value / Net Book Value as at 31st March 2016 £000s |
|---|---|---|---|---|
| Surplus Buildings | - | 90 | - | 90 |
| Surplus Land – Amenity Land | - | 2 | - | 2 |
| Surplus Land – Commercial | - | 2,436 | - | 2,436 |
| Surplus Land – Garage Site | - | 68 | - | 68 |
| Surplus Land – Garden Land | - | - | - | - |
| Surplus Land – Residential | - | 2,184 | - | 2,184 |
| **Net Book Value** | **-** | **4,780** | **-** | **4,780** |

Balance Sheet

Valuation Techniques used to Determine Level 2 Fair Values for Assets Held for Sale

Significant Observable Inputs – Level 2 – Market Approach

The fair value for the areas of land or buildings, both Commercial and Residential, have been based on the market approach using current market conditions and recent sales evidence and other relevant information for similar assets in the local authority area. Market conditions are such that similar areas of land or buildings are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Observable Inputs – Level 2 – Income Approach

Where the income approach has been adopted the fair value has been based on observable rental evidence and then capitalised based on observable yields derived from market transactions.

## Note 25 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI / PPP Contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

| 2015/16 | | | | 2016/17 | | |
|---|---|---|---|---|---|---|
| **General Fund** | **Housing Revenue Account** | **Total** | | **General Fund** | **Housing Revenue Account** | **Total** |
| **£000s** | **£000s** | **£000s** | | **£000s** | **£000s** | **£000s** |
| **635,346** | **286,669** | **922,015** | **Opening Capital Financing Requirement** | **654,779** | **282,511** | **937,290** |
| | | | *Capital Investment:* | | | |
| - | 21,527 | 21,527 | Council Dwellings | - | 24,464 | 24,464 |
| 31,298 | 1,555 | 32,853 | Other Land & Buildings | 21,031 | 2,122 | 23,153 |
| 3,762 | 30 | 3,792 | Vehicles, Plant, Furniture & Equipment | 1,026 | 532 | 1,558 |
| 11,830 | - | 11,830 | Infrastructure Assets | 14,485 | - | 14,485 |
| 3,384 | 1,950 | 5,334 | Assets Under Construction | - | - | - |
| 56 | - | 56 | Heritage Assets | - | - | - |
| 221 | 29 | 250 | Intangible Assets | 669 | 100 | 769 |
| - | - | - | Long Term Investment | - | - | - |
| - | - | - | Long Term Debtors | - | - | - |
| 1,850 | - | 1,850 | Revenue Expenditure Funded from Capital Under Statute | 4,200 | - | 4,200 |
| | | | | | | |
| **52,401** | **25,091** | **77,492** | **Total Capital Investment** | **41,411** | **27,218** | **68,629** |
| | | | *Sources of Finance – For Capital Expenditure Purposes:* | | | |
| (9,843) | (1,261) | (11,104) | Capital Receipts | (4,546) | (883) | (5,429) |
| (12,169) | (398) | (12,567) | Government Grants & Other Contributions | (21,961) | (799) | (22,760) |
| (40) | (23,432) | (23,472) | Other Revenue Funding | (97) | (25,536) | (25,633) |
| | | | | | | |
| **(22,052)** | **(25,091)** | **(47,143)** | **Total Resources Utilised to Fund In Year Capital Expenditure** | **(26,604)** | **(27,218)** | **(53,822)** |
| | | | | | | |
| **30,349** | **-** | **30,349** | **Increase in Capital Financing Requirement as a Result of In Year Capital Expenditure** | **14,807** | **-** | **14,807** |
| | | | *Sources of Finance – Set Aside to Repay Debt:* | | | |
| (6,597) | (2,283) | (8,880) | Capital Receipts | (2,318) | (3,464) | (5,782) |
| - | (1,875) | (1,875) | Other Revenue Funding | - | (1,951) | (1,951) |
| (351) | - | (351) | Other | - | - | - |
| (219) | - | (219) | Repayment of Long Term Debtors / Investments | (205) | - | (205) |
| (3,749) | - | (3,749) | MRP | (3,574) | - | (3,574) |
| | | | | | | |
| **(10,916)** | **(4,158)** | **(15,074)** | **Total Set Aside to Repay Debt** | **(6,097)** | **(5,415)** | **(11,512)** |
| | | | | | | |
| **654,779** | **282,511** | **937,290** | **Closing Capital Financing Requirement** | **663,489** | **277,096** | **940,585** |

| 2015/16 | | | | 2016/17 | | |
|---|---|---|---|---|---|---|
| General Fund | Housing Revenue Account | Total | | General Fund | Housing Revenue Account | Total |
| £000s | £000s | £000s | Explanation of Movements in Year | £000s | £000s | £000s |
| 16,856 | - | 16,856 | Increase / (Decrease) in Underlying Need to Borrow (Funded from Authority's Own Base Resources) | 14,807 | - | 14,807 |
| - | - | - | Assets Acquired Under Finance Leases | - | - | - |
| 13,493 | - | 13,493 | Assets Acquired Under PFI / PPP Contracts | - | - | - |
| (3,749) | - | (3,749) | Amounts Set Aside to Repay Debt – Statutory | (3,574) | - | (3,574) |
| (7,167) | (4,158) | (11,325) | Amounts Set Aside to Repay Debt – Voluntary | (2,523) | (5,415) | (7,938) |
| | | | | | | |
| **19,433** | **(4,158)** | **15,275** | **Increase / (Decrease) in Capital Financing Requirement** | **8,710** | **(5,415)** | **3,295** |

**Note 26 – Leases**

**Authority as Lessee**

Finance Leases

*Other Land and Buildings* – There are currently 5 buildings recognised within the Authority's Balance Sheet acquired via finance lease. The first relates to a 50 year lease in respect to a sports centre. The primary phase of this lease has now expired and is now in the secondary phase. The Authority paid a peppercorn rental, £0.006M in 2016/17 (£0.006M in 2015/16).

The second relates to a 15 year lease in respect of a residential bungalow. The rentals payable in 2016/17 were £0.030M (£0.030M in 2015/16) – accounted for as £0.013M principal payment and £0.017M finance costs.

The third lease relates to a 999 year lease in respect of the town centre museum, The Cooper Art Gallery. The rentals payable for the duration of the term are nil.

During 2013/14, the Authority entered into two further leases that were accounted for as finance leases. The leases of both Royston Meadstead Children's Centre and Hoyland Common Children's Centre are both for 125 years with the rentals payable for the duration of the term being nil. Both properties relate to Authority maintained community schools that transferred to Academy status during 2013/14. Thus, these leases represent the Authority leasing back the children's centre element of those respective assets. Each respective asset was recognised as an acquisition at £1 and then subsequently revalued during the year.

*Vehicle, Plant, Furniture and Equipment* – The Authority has 11 agreements in place in 2016/17 for various types of assets including wheeled bins and vehicles, accounted for as finance leases. The rentals payable in 2016/17 were £0.432M (£0.458M in 2015/16) – accounted for as £0.401M principal payment and £0.031M finance costs.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

| 31st March 2016 £000s | | 31st March 2017 £000s |
|---|---|---|
| 23,133 | Other Land & Buildings | 22,323 |
| 1,579 | Vehicles, Plant, Furniture & Equipment | 1,284 |
| **24,712** | **Total** | **23,607** |

The Authority is committed to making minimum payments under these leases, comprising settlement of the long term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years, while the liability remains outstanding.

The minimum lease payments are made up of the following amounts:

| 31st March 2016 £000s | | 31st March 2017 £000s |
|---|---|---|
| | Finance Lease Liabilities (Net Present Value of Minimum Lease Payments): | |
| 539 | - Current | 182 |
| 1,088 | - Non-Current | 906 |
| 156 | Finance Costs Payable in Future Years | 112 |
| **1,783** | **Minimum Lease Payments** | **1,200** |

The minimum lease payments will be payable over the following periods:

| 31st March 2016 | | | 31st March 2017 | |
|---|---|---|---|---|
| **Minimum Lease Payments** | **Finance Lease Liabilities** | | **Minimum Lease Payments** | **Finance Lease Liabilities** |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| 582 | 539 | Not later than one year | 218 | 182 |
| 956 | 857 | Later than one year and not later than five years | 866 | 796 |
| 245 | 231 | Later than five years | 116 | 110 |
| **1,783** | **1,627** | | **1,200** | **1,088** |

The above minimum lease payments did not include any rents that are contingent on events taking place after the lease was entered into.

Operating Leases

*Other Land and Buildings* – The Authority leases 52 properties, which have been accounted for as operating leases. The length of each lease varies with the maximum lease being 125 years. Total amounts paid under these leases in 2016/17 was £1.846M (£1.964M in 2015/16).

*Vehicles, Plant, Furniture and Equipment* – The Authority uses cars and wheeled waste bins financed under the terms of an operating lease. The amount paid under these arrangements in 2016/17 was £0.878M (£0.858M in 2015/16). The Code requires charges to be made evenly throughout the period of the lease.

*Commitments Under Operating Leases* – The Authority was committed at 31st March 2017 to making payments of £23.549M under operating leases (£25.761M as at 31st March 2016), comprising of the following elements:

The future minimum lease payments due under non-cancellable leases in future years are:

| 31st March 2015 £000s | | 31st March 2017 £000s |
|---|---|---|
| 2,632 | Not Later Than One Year | 2,543 |
| 7,808 | Later Than One Year & Not Later Than Five Years | 7,196 |
| 15,321 | Later Than Five Years | 13,810 |
| **25,761** | | **23,549** |

The expenditure charged to the Net Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| 2,823 | Minimum Lease Payments | 2,724 |
| - | Contingent Rents | - |
| - | Sub-Lease Payments Receivable | - |
| **2,823** | | **2,724** |

**Authority as Lessor**

Finance Leases

The Authority leases a number of properties to Housing Associations over long periods (50 to 99 years). These leases meet the finance lease criteria of IAS 17 but are not accounted for fully in accordance with the standard.

At the commencement of the lease, the assets have been de-recognised within the Authority's Balance Sheet with a corresponding debtor recognised representing the sale proceeds due from the asset.

The minimum lease payments expected to be received comprise of settlement of the long term debtor for the interest in the property acquired and finance income to be received over the life of the lease. In the majority of cases, a premium payment is received at commencement of the lease which is used to immediately write down the debtor recognised. In addition to this premium payment, an annual peppercorn rent is often receivable for the property let. However, due to the immateriality of these payments (total undiscounted) of £0.288M due over their remaining lives as at 31st March 2017 and the length over which they are payable, no debtor is recognised in respect of these residual lease payments and the full amount received is accounted for as trade income in the year in which it is received.

The Authority also leases an outdoor activity centre which has been identified as a finance lease. The element of the lease relating to the building is accounted for as a finance lease and the element relating to the land is accounted for as an operating lease (see section below). At the commencement of the lease the building was de-recognised from within the Authority's Balance Sheet with a corresponding debtor recognised totalling £0.066M representing the sale proceeds due from the asset. The agreement of the lease states that the property will be let rent free for a period of 5 years. 2012/13 represented the first year where income had been received (£0.013M). The rentals received in 2016/17 were £0.025M. This income is split between the land and buildings element of the lease and then for the buildings element, split between principal and interest paid. The amount relating to the building element equates to £0.011M with the principal element being £0.001M. Therefore the debtor is reduced to £0.062M.

Operating Leases

The Authority leases out a number of properties to Community Organisations, Public Bodies and Housing Associations for an ongoing rental. Included within these leases are a number of properties that are classified as Investment Properties on the Authority's Balance Sheet.

Total amounts received under these leases in 2016/17 was £2.544M (£1.829M in 2015/16).

The future minimum lease payments receivable under non-cancellable lease in future years are:

| **31st March 2016 £000s** | | **31st March 2017 £000s** |
|---:|---|---:|
| 2,543 | Not Later Than One Year | 2,263 |
| 7,808 | Later Than One Year & Not Later Than Five Years | 7,101 |
| 24,773 | Later Than Five Years | 24,204 |
| **35,124** | | **33,568** |

None of the above minimum lease payments are contingent on events taking place after the lease was entered into.

In addition to the operating leases above, the Authority has entered into a number of arrangements with housing associations for periods ranging from 60 years to 999 years, which are premium operating leases. Premium leases are where the lessee makes an upfront payment for the full term of the lease rather than paying an annual rental. Accounting rules dictate that those leases should be accounted for as a receipt in advance on the Balance Sheet and should be spread equally across the full term of the lease, recognising an amount into the revenue account each year.

Premium leases that were entered into prior to the conversion to IFRS, pre 2010/11, were treated under the UK GAAP compliant SORP and accounted for in the year of receipt, which was permitted at that time. Leases entered into since then have also been accounted for in the year of receipt due to the materiality of the amounts involved.

The amount released to the Comprehensive Income & Expenditure Account in 2016/17 was £0.003M.

The release of the lease premiums to the Comprehensive Income & Expenditure Account in future years are as follows:

| 31st March 2016 £000s | | 31st March 2017 £000s |
|---|---|---|
| 3 | Not Later Than One Year | 3 |
| 12 | Later Than One Year & Not Later Than Five Years | 12 |
| 692 | Later Than Five Years | 689 |
| **707** | | **704** |

Academies

Community Schools

The Authority also leases a number of schools to charitable trusts. Using powers derived from the Academies Act 2010, four community schools (four primaries, Ward Green, Doncaster Road, Wellgate and Kexborough) converted to Academy status during 2016/17. As part of those agreements, the school and associated land is leased from the Authority to the Academy Trust, over a period of 125 years. The lease of the school buildings has been treated as a finance lease whereas the lease of the school land has been treated as an operating lease.

In 2008, the Authority granted a 125 year lease of a land asset to a charitable trust to allow Barnsley Academy to be built. This arrangement has been treated as an operating lease in the Authority's accounts since this time.

The building assets relating to the schools outlined above have been de-recognised from within the Authority's Balance Sheet as a disposal for nil consideration in the year of transfer. Due to the nature of the agreements, no rental payments are due and therefore no long term debtor is recognised. The land assets in respect of the schools outlined above are treated as operating leases and remain on the Authority's Balance Sheet.

Voluntary Aided (VA) / Voluntary Controlled (VC) Schools

No Voluntary Aided Primary Schools have converted during 2016/17.

Prior to conversion to Academy status, VA / VC school building assets were already held by the respective dioceses, therefore no lease exists for the building element. The Authority does still hold some land in respect of some of these schools, usually in the form of playing fields. Again, the individual arrangements are dictated by the respective circumstances. Where such arrangements exist, the lease of the land is treated as an operating lease and remains on the Authority's Balance Sheet.

Academy Summary

The tables below summarises the Authority's Academy conversion thus far:

| School | Conversion Year | Lease Arrangements |
|---|---|---|
| **Community Schools:** | | |
| Barnsley Academy | 2008/09 | Lease of Land Only |
| Oakhill Primary | 2011/12 | Lease of Land & Buildings |
| Dearne Carrfield Primary | 2012/13 | Lease of Land & Buildings |
| Gooseacre Primary | 2012/13 | Lease of Land & Buildings |
| The Hill Primary | 2012/13 | Lease of Land & Buildings |
| Darfield Upperwood Primary | 2012/13 | Lease of Land & Buildings |
| Dearne Highgate Primary | 2012/13 | Lease of Land & Buildings |
| St Helen's Primary | 2012/13 | Lease of Land & Buildings |
| Shafton Primary | 2012/13 | Lease of Land & Buildings |
| Darton Primary | 2013/14 | Lease of Land & Buildings |
| West Meadows Primary | 2013/14 | Lease of Land & Buildings |
| Littleworth Grange Primary | 2013/14 | Lease of Land & Buildings |
| Kendray Primary | 2013/14 | Lease of Land & Buildings |
| Royston Meadstead Primary | 2013/14 | Lease of Land & Buildings |
| Hoyland Common Primary | 2013/14 | Lease of Land & Buildings |
| Piper's Grove Primary | 2013/14 | Lease of Land & Buildings |
| Darfield Valley Primary | 2013/14 | Lease of Land & Buildings |
| Heather Garth Primary | 2013/14 | Lease of Land & Buildings |
| Kirk Balk Community College | 2014/15 | Lease of Land & Buildings |
| Shafton ALC | 2014/15 | Lease of Land & Buildings |
| Springwell Special School / PRU | 2014/15 | Lease of Land & Buildings |
| The Edmunds Primary | 2014/15 | Lease of Land & Buildings |

| School | Conversion Year | Lease Arrangements |
|---|---|---|
| **Community Schools (Continued):** | | |
| Carlton Community College | 2015/16 | Lease of Land & Buildings |
| Greenacre Special School | 2015/16 | Lease of Land & Buildings |
| Richard Newman Primary | 2015/16 | Lease of Land & Buildings |
| Hoyland Springwood Primary | 2015/16 | Lease of Land & Buildings |
| High View Primary | 2015/16 | Lease of Land & Buildings |
| Wombwell Park Street | 2015/16 | Lease of Land & Buildings |
| Sandhill Primary | 2015/16 | Lease of Land & Buildings |
| Ward Green Primary | 2016/17 | Lease of Land & Buildings |
| Doncaster Road Primary | 2016/17 | Lease of Land & Buildings |
| Kexborough Primary | 2016/17 | Lease of Land & Buildings |
| Wellgate Primary | 2016/17 | Lease of Land & Buildings |

| School | Conversion Year | Lease Arrangements |
|---|---|---|
| **VA / VC Schools:** | | |
| St Mary's Primary | 2011/12 | Lease of Land Only |
| Darfield All Saints Primary | 2012/13 | Lease of Land Only |
| Carlton Primary | 2012/13 | No Lease – Freehold Transfer to Diocese |
| Royston Parkside Primary | 2012/13 | No Lease – Freehold Transfer to Diocese |
| Royston Summerfields Primary | 2012/13 | No Lease – Freehold Transfer to Diocese |
| Dodworth St John's Primary | 2013/14 | Lease of Land & Caretaker's Bungalow |
| Elsecar Trinity C of E Primary | 2015/16 | Lease of Land Only |
| Royston St John The Baptist C of E Primary | 2015/16 | Lease of Land Only |

## Note 27 – Private Finance Initiatives and Similar Contracts

The Authority has recognised assets on its Balance Sheet relating to three arrangements that constitute a PFI arrangement or similar contract which are outlined below.

Primary Schools PFI

The contract binds the contractor to design, build, maintain and operate thirteen primary schools across the Borough, for a concession period of 25 years. At the end of the concession, the legal ownership of the assets transfers to the Authority, without consideration. The table below shows the PFI Primary schools and their respective operational dates:

| PFI Primary Schools | Opened |
|---|---|
| High View Primary Learning Centre * | 2006/07 |
| Kings Oak Primary Learning Centre | 2006/07 |
| Littleworth Grange Primary * | 2006/07 |
| Wombwell Park Street Primary * | 2006/07 |
| Darfield Valley Primary * | 2006/07 |
| Hoyland Common Primary * | 2006/07 |
| Springvale Primary | 2006/07 |
| Lacewood Primary | 2006/07 |
| Darton Primary * | 2007/08 |
| Joseph Locke Primary | 2007/08 |
| Sandhill Primary * | 2007/08 |
| Cherry Dale Primary | 2007/08 |
| Piper's Grove Primary * | 2007/08 |

* These schools have since converted to Academy status and have been de-recognised from the Authority's balance sheet in the year of conversion. A further explanation can be found in Note 26.

Local Improvement Financial Trusts (LIFT) Schemes

The contract binds the contractor to design, build, maintain and operate an asset where healthcare and Authority services can be provided to the public, for a concession period of 25 years. The schemes are joint arrangements between the Authority and Barnsley CCG. At the end of the concession, the Authority holds an option to purchase the assets.

| LIFT Buildings | Opened |
|---|---|
| Cudworth LIFT | 2008/09 |
| Darton LIFT | 2011/12 |

Building Schools for the Future (BSF) Programme

The overall BSF contract binds the contractor to design, build, maintain and operate eleven secondary schools / advanced learning centres across the Borough, over three phases. The concession period of the respective phases is 25 years, at the end of which, the legal ownership of the assets transfers to the Authority without consideration. Eight of the eleven schools were procured by way of Private Finance Initiative. The table below shows the BSF schools, their respective operational dates and the pre-existing schools that they replaced:

| BSF School | Pre-Existing School(s) | Procurement Vehicle | Opened |
|---|---|---|---|
| Darton College | Darton High | PFI | 2010/11 |
| Dearne ALC | The Dearne High | Design & Build | 2010/11 |
| Carlton Community College *** | Edward Sheerien, Royston High | Design & Build | 2010/11 |
| Kirk Balk Community College *** | Kirk Balk High | PFI | 2011/12 |
| Penistone Grammar ALC ** | Penistone Grammar | PFI | 2011/12 |
| Shafton ALC *** | Priory School & Sports College, Willowgarth High | PFI | 2011/12 |
| Greenacre Special School *** | Greenacre School | Design & Build | 2011/12 |
| Springwell Community Special School *** | Springwell School | PFI | 2011/12 |
| Netherwood ALC | Darfield Foulstone, Wombwell High | PFI | 2012/13 |
| Horizon Community College | Holgate & Kingstone | PFI | 2012/13 |
| Holy Trinity ALC * | St Michael's High, St Dominic's Primary, Holy Cross Catholic Primary | PFI | 2012/13 |

* Holy Trinity ALC is a voluntary aided school and consequently sits with the Diocese of the respective areas. Therefore, the school was transferred to the Diocese during 2012/13 and has been subsequently de-recognised from the Authority's Balance Sheet.

** The old Penistone Grammar School, which was replaced by the Penistone Grammar ALC when it became operational in 2011/12, was originally held in trust by Penistone Grammar Trust, as part of an agreement that has existed since 1957. This agreement still legally stands and therefore during 2011/12, the new Penistone Grammar ALC was transferred to the Trust and was subsequently de-recognised from the Authority's Balance Sheet.

*** These schools have since converted to Academy status and have been de-recognised from the Authority's balance sheet in the year of conversion. A further explanation can be found in Note 26.

The remainder of these schools are shown within the Authority's Balance Sheet.

Waste PFI

The Authority's Waste PFI facility became fully operational on the 3rd July 2015. This scheme involves a joint arrangement with the Authority, Doncaster Metropolitan Borough Council and Rotherham Metropolitan Borough Council which will see operation of new Waste facilities to deal with the treatment of leftover waste rather than send it to landfill.

The contract is with 3SE (Barnsley, Doncaster & Rotherham) Limited which is owned 75% by Shanks PFI Investments Limited and 25% by SSE Generation Limited. It is for 25 years from the service commencement date and the local authorities have the option to extend the service element of the contract by a further 5 years, to the end of the new facility's design life of 30 years. If this option is not exercised, the facility reverts to the ownership of the local authorities at the end of the 25 year contract at nil consideration; otherwise it will revert after 30 years.

The assets in respect of the Authority's share of the facility, which equates to 30% of the total value, are recognised on the Authority's balance sheet.

Property, Plant and Equipment

The assets used to provide services at the primary schools, LIFT buildings, the secondary schools and the Waste facility are recognised on the Authority's Balance Sheet, with the exception of Penistone Grammar ALC and Holy Trinity ALC. Movements in their value over the year are detailed in the analysis of the movement on Property, Plant and Equipment in Note 20.

Payments

The Authority makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the PFI and similar contracts at 31st March 2017 (excluding any estimation of inflation and availability / performance deductions) are as follows:

| | Payment for Services £000s | Reimbursement of Capital Expenditure £000s | Interest £000s | Total £000s |
|---|---|---|---|---|
| Payable in 2017/18 | 17,348 | 6,952 | 21,248 | **45,548** |
| Payable Within Two to Five Years | 78,586 | 28,524 | 79,449 | **186,559** |
| Payable Within Six to Ten Years | 116,156 | 45,119 | 84,411 | **245,686** |
| Payable Within Eleven to Fifteen Years | 139,524 | 61,157 | 60,766 | **261,447** |
| Payable Within Sixteen to Twenty Years | 115,012 | 76,675 | 34,014 | **225,701** |
| Payable Within Twenty One to Twenty Five Years | 32,984 | 8,387 | 1,959 | **43,330** |
| **Total** | **499,610** | **226,814** | **281,847** | **1,008,271** |

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The liability outstanding to pay to the contractor for capital expenditure incurred is as follows:

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| **226,811** | **Balance As At 1st April** | **233,978** |
| (6,326) | Payments During the Year | (7,164) |
| 13,493 | Capital Expenditure Incurred in the Year | - |
| **233,978** | **Balance As At 31st March** | **226,814** |

## Note 28 – Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

| 31st March 2016 | | | 31st March 2017 | | |
|---|---|---|---|---|---|
| Long Term £000s | Short Term £000s | | Long Term £000s | Short Term £000s | |
| | | **Investments :** | | | |
| 2,388 | 5,066 | Loans & Receivables | 2,393 | 17,027 | |
| - | 11,866 | Loans & Receivables – Cash Equivalents * | - | 38,264 | Cash Flow |
| 2,431 | - | Unquoted Equity Investment at Cost | 2,431 | - | |
| 9,080 | - | Available For Sale Financial Assets | 7,050 | - | |
| **13,899** | **16,932** | **Total Investments** | **11,874** | **55,291** | Balance Sheet |
| | | **Loans & Receivables** | | | |
| - | - | Mortgages & Rents | - | - | |
| 3,648 | 702 | Loans | 2,946 | 676 | |
| 64 | - | Finance Lease Receivable | 63 | - | |
| **3,712** | **702** | **Total Loans & Receivables **** | **3,009** | **676** | Balance Sheet |
| | | **Borrowings :** | | | |
| (481,663) | (43,773) | Financial Liabilities at Amortised Cost | (479,557) | (77,188) | |
| **(481,663)** | **(43,773)** | **Total Borrowings** | **(479,557)** | **(77,188)** | Balance Sheet |

***** The total Short Term Investments figure in the table above includes Cash Equivalents of £38.264M in 2016/17 (£11.866M in 2015/16), which are included within the 'Cash & Cash Equivalents' figure in the Balance Sheet, rather than within 'Short Term Investments'.

** The total Short Term Loans & Receivables figures in the table above is included within the 'Short Term Debtors' figure in the Balance Sheet.

Debtors and creditors are measured at amortised cost which is typically the transactional value or invoiced amount. The Balance Sheet values are analysed in Note 31 and Note 32 respectively. They are low risk in nature and largely comprise of amounts owed by and to the Authority as a result of its day to day business. As such, they have not been disclosed again in the above note. However, it should be noted that within the Balance Sheet totals for debtors and creditors, there are amounts that do not meet the definition of financial instruments.

In particular, these include debtors and creditors arising from statute, such as Council Tax [£9.188M debtor for bills outstanding & 1.245M creditor for prepayments (£11.055M debtor & £0.985M creditor in 2015/16)], amounts owed in respect of VAT [debtor of £5.588M (debtor of £5.341M in 2015/16)] and PAYE & National Insurance [creditor of £2.622M (creditor of £1.022M in 2015/16)], prepayments [debtor of £3.043M (debtor of £1.756M in 2015/16)] and receipts in advance / deferred income [creditors of £1.690M (creditors of £3.577M in 2015/16)].

**Other Liabilities:**

The Authority holds a number of liabilities that, under the Code of practice, do not constitute financial instruments and fall under other provisions of the Code. The table below details such arrangements:

| 31st March 2016 | | | 31st March 2017 | | |
|---|---|---|---|---|---|
| **Long Term £000s** | **Short Term £000s** | | **Long Term £000s** | **Short Term £000s** | |
| | | **Other Liabilities :** | | | |
| (226,814) | (7,164) | PFI Liabilities | (219,863) | (6,951) | |
| (1,088) | (539) | Finance Lease Liabilities | (906) | (181) | |
| (6,884) | (1,398) | Other Local Authority Debt | (5,406) | (1,522) | |
| (701) | (3) | Other Liabilities | (698) | (3) | |
| **(235,487)** | **(9,104)** | **Total Other Liabilities** | **(226,873)** | **(8,657)** | Balance Sheet |

**Reclassifications:**

No financial assets or liabilities were reclassified during 2016/17.

**Impairment:**

The Council's loan to Brierley Parish Council totalling £0.480M was impaired during 2016/17 as the Parish council had dissolved and therefore the decision was made to impair this receivable to zero.

**Income, Expense, Gains and Losses:**

| 2015/16 | | | | | 2016/17 | | | |
|---|---|---|---|---|---|---|---|---|
| **Financial Liabilities : Measured at Amortised Cost** | **Financial Assets : Loans and Receivables** | **Financial Assets : Available for Sale** | **Total** | | **Financial Liabilities : Measured at Amortised Cost** | **Financial Assets : Loans and Receivables** | **Financial Assets : Available for Sale** | **Total** |
| **£000s** | **£000s** | **£000s** | **£000s** | | **£000s** | **£000s** | **£000s** | **£000s** |
| 20,919 | - | - | **20,919** | Interest Expense | 20,437 | - | - | **20,437** |
| 76 | - | - | **76** | Fee Expenses | 109 | - | - | **109** |
| **20,995** | **-** | **-** | **20,995** | **Total Expense in Surplus or Deficit on the Provision of Services** | **20,546** | **-** | **-** | **20,546** |
| - | (1,058) | (297) | **(1,355)** | Interest / Dividend Income | - | (877) | (486) | **(1,363)** |
| **-** | **(1,058)** | **(297)** | **(1,355)** | **Total Income in Surplus or Deficit on the Provision of Services** | **-** | **(877)** | **(486)** | **(1,363)** |
| - | - | (113) | **(113)** | Surplus / Deficit Arising on Revaluation of Financial Assets in Other Comprehensive Income & Expenditure | - | - | 39 | **39** |
| **20,995** | **(1,058)** | **(410)** | **19,527** | **Net (Gain) / Loss for the Year** | **20,546** | **(877)** | **(447)** | **19,222** |

**Fair Values of Assets: Assets Carried at Fair Value:**

Some of the Authority's financial assets are measured at fair value on a recurring basis and are included in the following tables:

| Recurring Fair Value Measurements Using: | **Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s** | **Other Significant Observable Inputs** (Level 2) **£000s** | **Significant Unobservable Inputs** (Level 3) **£000s** | **Fair Value as at 31st March 2017** **£000s** |
|---|---|---|---|---|
| Available for Sale: | | | | |
| Money Market Funds – Federated Cash Plus Fund | - | 5,001 | - | 5,001 |
| Money Market Funds – Payden Global Funds | - | 2,039 | - | 2,039 |
| **Carrying Value** | **-** | **7,040** | **-** | **7,040** |

Prior Year Comparator:

| Recurring Fair Value Measurements Using: | **Quoted Prices in Active Markets for Identical Assets** (Level 1) **£000s** | **Other Significant Observable Inputs** (Level 2) **£000s** | **Significant Unobservable Inputs** (Level 3) **£000s** | **Fair Value as at 31st March 2016** **£000s** |
|---|---|---|---|---|
| Available for Sale: | | | | |
| Money Market Funds – Federated Cash Plus Fund | - | 5,067 | - | 5,067 |
| Money Market Funds – Royal London Asset Management | - | 1,999 | - | 1,999 |
| Money Market Funds – Payden Global Funds | - | 2,014 | - | 2,014 |
| **Carrying Value** | **-** | **9,080** | **-** | **9,080** |

Valuation Techniques used to Determine Level 2 Fair Values for Financial Assets

Fair Value has been assessed by the Authority's Treasury Advisors, Capita. The valuation techniques around the Authority's financial assets, particularly around the fixed term deposits has been to compare the fixed term investment with a comparable investment with the same / similar lender for the remaining period of the deposit.

**Fair Values of Assets: Assets Not Measured at Fair Value**

Except for financial assets carried at fair value (see above), all other financial assets held by the Authority are classified as short term receivables, short term investments and long term debtors are carried in the balance sheet at amortised cost. As such, they are not disclosed in this note as their carrying value is a suitable approximation of their fair value.

**Fair Values of Liabilities: Liabilities Not Measured at Fair Value**

All financial liabilities are carried in the balance sheet at amortised cost. The fair values of such liabilities are disclosed for comparison purposes. Fair value is the amount for which a liability could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial liabilities represented by loans are carried in the Balance Sheet at amortised cost.

The fair values are calculated as follows:

| Recurring Fair Value Measurements Using: | Carrying Value as at 31st March 2017 £000s | Quoted Prices in Active Markets for Identical Assets (Level 1) £000s | Other Significant Observable Inputs (Level 2) £000s | Significant Unobservable Inputs (Level 3) £000s | Fair Value as at 31st March 2017 £000s |
|---|---|---|---|---|---|
| PWLB Borrowings | (418,094) | - | (536,116) | - | (536,116) |
| LOBOs | (65,048) | - | (118,830) | - | (118,830) |
| Market Debt | - | - | - | - | - |
| Temporary Loans | (69,705) | - | (73,645) | - | (73,645) |
| Other | (3,898) | - | (3,898) | - | (3,898) |
| **Total Valuation** | **(556,745)** | **-** | **(732,489)** | **-** | **(732,489)** |

Balance Sheet

Prior Year Comparator:

| Recurring Fair Value Measurements Using: | Carrying Value as at 31st March 2016 £000s | Quoted Prices in Active Markets for Identical Assets (Level 1) £000s | Other Significant Observable Inputs (Level 2) £000s | Significant Unobservable Inputs (Level 3) £000s | Fair Value as at 31st March 2016 £000s |
|---|---|---|---|---|---|
| PWLB Borrowings | (426,991) | - | (585,116) | - | (585,116) |
| LOBOs | (65,076) | - | (86,651) | - | (86,651) |
| Market Debt | (500) | - | (524) | - | (524) |
| Temporary Loans | (31,112) | - | (31,156) | - | (31,156) |
| Other | (1,757) | - | (1,757) | - | (1,757) |
| **Total Valuation** | **(525,436)** | **-** | **(705,204)** | **-** | **(705,204)** |

Balance Sheet

The fair value of financial liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Valuation Techniques used to Determine Level 2 Fair Values for Financial Liabilities

The financial liabilities' fair value can be assessed by calculating the present value of cash flows that take place over the remaining life of the instruments using the following assumptions:

- The Council's Treasury Management Advisors, Capita, have provided the Council with Fair Value amounts in relation to its debt portfolio. Capita have assessed the Fair Values by calculating the amounts the Council would have had to pay to extinguish the loans on 31st March under existing debt redemption procedures;

- Market loan fair value calculations have been provided by the Authority's Treasury Advisors, Capita and have been calculated by discounting the contractual cash flows over the life of the loan based on the equivalent swap rate at the Balance Sheet date;

- No early repayment or impairment is recognised for any financial instrument; and

- The fair value of short term investments, including trade payables and receivables is assumed to be approximate to the carrying amount.

## Note 29 – Nature and Extent of Risks Arising From Financial Instruments

### Financial Instruments – Risks

The Council's treasury activities expose it to a variety of financial risks. The key risks are:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market Risk – the possibility that financial loss might arise for the Council as a result of interest rate movements.

Overall Procedures for Managing Risk

The Council has adopted CIPFA's Code of Practice on Treasury Management and has set Treasury Management Prudential Indicators to manage risks in accordance with the Prudential Code.

The Treasury Management Code requires approval of a Treasury Management Strategy by Full Council prior to each financial year. The strategy establishes the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practice (TMP) documents which specify the practical arrangements to be followed in managing risks, particularly credit risk, liquidity risk and market risk.

The Council has strong arrangements around the governance and scrutiny of Treasury Management activities, over and above those prescribed in the Treasury Management Code. The Treasury Management Panel, comprising of Elected Members and Senior Officers from within the Council, meets on a quarterly basis to oversee operations and to make decisions on strategy.

**Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The effective management of credit risk and safeguarding the security of the Council's investments was a key Treasury Management priority in 2016/17.

The Treasury Management Strategy includes an Annual Investment Strategy (AIS) in compliance with the CLG's Investment Guidance. The AIS aims to reduce credit risk by requiring that deposits are not made with financial institutions unless they meet specified criteria. During 2016/17 the ***minimum*** criteria for investments has remained as a long term Fitch rating of A-, or the equivalent rating from other agencies.

Whilst credit ratings remain a key source of information, the Council bases investment decisions on a range of credit indicators and takes account of the following market information:

- GDP; Net Debt as a Percentage of GDP;
- Sovereign Support Mechanisms / potential support from parent institution;
- Share Price; and
- Credit Default Swaps.

Interest rates remained at a historic low throughout 2016/17 and concerns over sovereign and counterparty creditworthiness were ongoing. As a result the Council continues to adopt a conservative approach to the investment of funds.

Maximum investment limits for UK counterparties remained at £15M in 2016/17. A limit of £10M remains for money market funds and non-UK banks. The Council also has a total group investment limit of £15M for institutions that are part of the same banking group and a limit of £15M per country (non-UK).

The Council continued to use Short Duration Cash funds which provides a secure, low risk alternative to a fixed term bank deposit, with higher yielding returns.

Investments in 2016/17 have been made with the following institutions:

- Barclays Bank;
- Calderdale Council;
- Goldman Sachs;
- Landesbank Hessen-Thueringen Girozentrale;
- Lloyds TSB;
- Plymouth City Council;
- Svenska Handelsbanken; and
- AAA-rated Money Market Funds.

All investments were made in accordance with the Council's 2016/17 AIS and no investments are considered to pose an immediate credit risk.

In addition to the above investments, the Authority also had total trade debtors of £16.664M outstanding at the year end. The Authority does not generally allow credit for its trade debtors, such that £9.119M of the £16.664M balance is past its due date for payment (£7.432M of £14.599M in 2015/16). The past due amount can be analysed by age as follows:

| 31st March 2016 £000s | Aged Debt Analysis: | 31st March 2017 £000s |
|---|---|---|
| 964 | Less Than Three Months | 3,079 |
| 668 | Three to Six Months | 895 |
| 1,979 | Six Months to One Year | 614 |
| 3,821 | More Than One Year | 4,531 |
| **7,432** | | **9,119** |

**Liquidity Risk**

The Council has ready access to borrowings from the Money Markets and the Public Works Loan Board. There is no perceived risk that the Council will be unable to raise finance to meet its commitments.

The Council maintains a significant debt portfolio and has to ensure that it will not be exposed to refinancing a significant proportion of its borrowing at a time of unfavourable interest rates. The approved prudential indicator for the maturity structure of debt is a key control in managing this risk.

The maturity analysis of the carrying amount of the Council's debt (including accrued interest)as at 31st March is as follows:

| 2015/16 Carrying Value | 2015/16 Percentage | Years | 2016/17 Carrying Value | 2016/17 Percentage |
|---|---|---|---|---|
| £000s | % | | £000s | % |
| (44,273) | 8 | Less Than 1 Year | (77,188) | 14 |
| (24,343) | 5 | Between One & Two Years | (24,399) | 4 |
| (97,126) | 18 | Between Two & Five Years | (96,069) | 17 |
| (50,806) | 10 | Between Five & Ten Years | (53,731) | 10 |
| (33,125) | 6 | Between Ten & Twenty Years | (27,430) | 5 |
| (25,500) | 5 | Between Twenty & Thirty Years | (55,553) | 10 |
| (77,400) | 15 | Between Thirty & Forty Years | (67,400) | 12 |
| (106,030) | 20 | More Than Forty Years | (86,030) | 16 |
| (66,833) | 13 | Uncertain Date * | (68,945) | 12 |
| **(525,436)** | **100** | **Total** | **(556,745)** | **100** |

* The Council has £63M of "Lender's Option, Borrower's Option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

In addition, the Council has received loans from West Yorkshire Combined Authority (£1.757M) and Sheffield City Region (£2.140M), both at a rate of 0%. Repayment of the loans is directly connected to Business Rate levels and the maturity date is therefore uncertain.

The maturity of investments made with banks and financial institutions is as follows:

| 2015/16 Carrying Value | 2015/16 Percentage | Years | 2016/17 Carrying Value | 2016/17 Percentage |
|---|---|---|---|---|
| £000s | % | | £000s | % |
| 16,897 | 65 | Less Than One Year | 55,291 | 89 |
| - | - | Between One & Two Years | - | - |
| - | - | Between Two & Three Years | - | - |
| - | - | More Than Three Years | - | - |
| 9,090 | 35 | Uncertain Date * | 7,050 | 11 |
| **25,987** | **100** | **Total** | **62,341** | **100** |

* Shares in pooled funds have no defined maturity date and are presented as long term if the Authority does not expect to sell them during the coming year. The maturity date is therefore uncertain.

The Council continued to maintain a short maturity duration for investments, primarily using instant access Call Accounts and Money Market Funds to manage liquidity requirements. Additionally, the Barclays flexible interest bearing current account (FIBCA) continued to be used to move funds between accounts and manage day to day cash requirements.

During 2016/17 monies continued to be invested with AAAmmf rated Cash Plus Funds, presented in the above table as an *uncertain* maturity date. All other fixed-term investments have been made for shorter periods which reflects the

Authority's continuing conservative approach to the investment of funds and not locking out funds for long periods during uncertain economic times.

**Market Risk**

***Interest Rate Risk***: The Authority is exposed to risks arising from movements in interest rates. Movements in interest rates have a complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- borrowing at variable levels – the interest expense will rise;
- borrowing at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income will rise; and
- investments at fixed rates – the fair value of the assets will fall.

Borrowings and investments classed as 'Loans and Receivables' are not carried at fair value so any nominal changes to their fair value will not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments classed as 'Available for Sale' will be reflected in Other Comprehensive Income and Expenditure.

This is illustrated in the table below. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

| | **£000s** |
|---|---|
| Impact on the Provision of Services (Surplus) / Deficit: | |
| Increase in Interest Payable on Variable Rate Borrowings | 809 |
| Decrease in Interest Payable on Variable Rate Investments | (453) |
| **Impact on the Provision of Services (Surplus) / Deficit** | **356** |
| Share of Overall Impact Debited / Credited to HRA | 346 |
| Share of Overall Impact Debited / Credited to General Fund | 10 |
| | **356** |
| Impact on Other Comprehensive Income & Expenditure: | |
| Decrease in Fair Value of Fixed Rate Investment Assets | - |
| **Impact on Other Comprehensive Income & Expenditure** | **-** |
| | |
| Decrease in Fair Value of Fixed Rate Borrowings (Premature Repayment Rate) | 26,675 |
| Decrease in Fair Value of Fixed Rate Borrowings (New Loan Rate) | 2,596 |
| Decrease in Fair Value of Loans & Receivables | 20 |

Whilst a 1% increase in interest rates has a significant impact on the revenue account, the current interest rate environment means such a pronounced increase is unlikely in the immediate future. More likely, the interest rate will be increased in smaller increments, by 0.25% or 0.5%.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

The Council has a number of strategies for managing interest rate risk which are laid out in the Treasury Management Strategy. The main control is to set an upper limit on debt that is subject to variable interest rates. At 31st March 2017, 90% of the debt portfolio was held in fixed rate instruments and 10% in variable rate instruments, well within the variable rate limit of 25%.

***Price Risk****:* The market price of the Authority's investment in the pooled Cash Plus Fund is governed by prevailing interest rates and the market risk associated with investment is managed alongside interest rate risk. As the Cash Plus Fund is classified as 'available for sale', all movements in price will be recognised in Other Comprehensive Income and Expenditure when the investment is sold.

***Foreign Exchange Risk****:* The Authority has no financial asset or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

## Note 30 – Inventories

| 2015/16 | | | | | 2016/17 | | | |
|---|---|---|---|---|---|---|---|---|
| Consumable Stores | Maintenance Materials | Client Services – Work in Progress | Total | | Consumable Stores | Maintenance Materials | Client Services – Work in Progress | Total |
| £000s | £000s | £000s | £000s | | £000s | £000s | £000s | £000s |
| **514** | **901** | **-** | **1,415** | **Balance Outstanding at 1st April** | **133** | **1,088** | **-** | **1,221** |
| 2,121 | 4,958 | - | **7,079** | Purchases | 1,999 | 2,174 | - | **4,173** |
| (2,084) | (4,958) | - | **(7,042)** | Recognised as an Expense in the Year | (1,980) | (2,011) | - | **(3,991)** |
| (418) | 363 | - | **(55)** | Transfers | - | - | - | **-** |
| - | (176) | - | **(176)** | Written off Balance | - | (18) | - | **(18)** |
| **133** | **1,088** | **-** | **1,221** | **Balance Outstanding 31st March** | **152** | **1,233** | **-** | **1,385** |
| | | | Balance Sheet | | | | | Balance Sheet |

## Note 31 – Short Term Debtors (Less Impairment for Bad Debts)

| 31st March 2016 | | | | 31st March 2017 | | |
|---|---|---|---|---|---|---|
| Total Debtors | Impairment For Bad Debts | Total | | Total Debtors | Impairment For Bad Debts | Total |
| £000s | £000s | £000s | | £000s | £000s | £000s |
| 6,259 | - | **6,259** | Central Government Bodies | 7,173 | - | **7,173** |
| 3,779 | - | **3,779** | Other Local Authorities | 3,107 | - | **3,107** |
| 2,359 | - | **2,359** | NHS Bodies | 3,663 | - | **3,663** |
| - | - | **-** | Public Corporations & Trading Funds | - | - | **-** |
| 38,744 | (15,090) | **23,654** | Other Entities & Individuals | 37,638 | (13,089) | **24,549** |
| **51,141** | **(15,090)** | **36,051** | **Total** | **51,581** | **(13,089)** | **38,492** |
| Balance Sheet | Balance Sheet | | | Balance Sheet | Balance Sheet | |

## Note 32 – Creditors

| 31st March 2016 £000s | | 31st March 2017 £000s |
|---|---|---|
| (1,850) | Central Government Bodies | (4,090) |
| (1,017) | Other Local Authorities | (906) |
| (905) | NHS Bodies | (798) |
| - | Public Corporations & Trading Funds | - |
| (29,566) | Other Entities & Individuals | (39,885) |
| **(33,338)** | **Total** | **(45,679)** |
| Balance Sheet | | Balance Sheet |

## Note 33 – Receipts in Advance

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the transferor if the conditions are not met. All specific income credited in excess of £0.5M is listed individually in the tables below:

| 31st March 2016 £000s | Current Liabilities | 31st March 2017 £000s |
|---|---|---|
| | **Capital Grants Receipts in Advance:** | |
| (925) | Place – LTP Maintenance Grant | - |
| (574) | People – Devolved Formula Capital (DFC) | (865) |
| (527) | People – DOH Better Care Fund | (590) |
| - | People – Basic Needs Grant | (790) |
| - | Communities – Disabled Facilities Grant (DFG) | (1,269) |
| (1,277) | Other Grants | (1,192) |
| **(3,303)** | **Total Capital Grants Receipts in Advance** | **(4,706)** |
| | **Capital Contributions Receipts in Advance:** | |
| (3,964) | Section 106 Contributions | (5,155) |
| (840) | Other Contributions | (1,382) |
| **(4,804)** | **Total Capital Contributions Receipts in Advance** | **(6,537)** |
| | | |
| **(8,107)** | **Total Capital Grants & Contributions Receipts in Advance** | **(11,243)** |

Balance Sheet

| 31st March 2016 £000s | Current Liabilities | 31st March 2017 £000s |
|---|---|---|
| | **Revenue Grants Receipts in Advance:** | |
| - | People – Adult Skills 24+Disc Learner Support | (70) |
| (215) | Place – Sheffield City Region Investment Fund | - |
| (13) | Other | (42) |
| **(228)** | **Total Revenue Grants Receipts in Advance** | **(112)** |
| | **Revenue Contributions Receipts in Advance:** | |
| (1,105) | Place – Section 278 Contributions | (1,506) |
| (29) | Other | (29) |
| **(1,134)** | **Total Revenue Contributions Receipts in Advance** | **(1,535)** |
| | | |
| **(1,362)** | **Total Revenue Grants & Contributions Receipts in Advance** | **(1,647)** |

Balance Sheet

## Note 34 – Provisions

| | Insurance Fund | Municipal Mutual Insurance | Trading Standards Legal Case | Business Rate Appeals | LGYH | Other | Total |
|---|---|---|---|---|---|---|---|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| **Balance at 31st March 2015** | **(3,984)** | **(339)** | **(388)** | **(1,071)** | **(100)** | **(13)** | **(5,895)** |
| Additional Provisions Made in 2015/16 | (4,067) | - | - | (3,132) | - | - | **(7,199)** - |
| Amounts Used in 2015/16 | 1,186 | - | - | - | - | - | **1,186** - |
| Unused Amounts Reversed in 2015/16 | 2,339 | 258 | - | 2,622 | - | - | **5,219** - |
| **Balance at 31st March 2016** | **(4,526)** | **(81)** | **(388)** | **(1,581)** | **(100)** | **(13)** | **(6,689)** |
| Additional Provisions Made in 2016/17 | (2,932) | (100) | - | (2,121) | - | - | **(5,153)** |
| Amounts Used in 2016/17 | 1,308 | - | - | 783 | - | - | **2,091** |
| Unused Amounts Reversed in 2016/17 | 1,939 | - | - | - | - | - | **1,939** |
| **Balance at 31st March 2017** | **(4,211)** | **(181)** | **(388)** | **(2,919)** | **(100)** | **(13)** | **(7,812)** |
| | | | | | | | |
| Short Term Provisions | - | - | (388) | (2,919) | (100) | (13) | **(3,420)** |
| Long Term Provisions | (4,211) | (181) | - | - | - | - | **(4,392)** |

Balance Sheet

Insurance Fund

The Authority self insures part of its insurable financial risk by holding excesses on the various insurance policies that it has in place. These excesses apply to various categories of cover including property, public liability and employer's liability. As such, any claim that falls below the policy excess will be a cost to the Authority.

In order to fund the cost of these claims, a provision has been made by the Authority. The provision included in the 2016/17 accounts is £4.211M (£4.526M in 2015/16) and is based upon 80% of total identified outstanding claims. This level of provision is considered appropriate to fund the cost of claims on the basis of past experience and timescales in resolving outstanding claims.

The Authority also continues to monitor claims experience and has identified an appropriate reserve to meet other potential insurance claims.

Municipal Mutual Insurance (MMI)

Municipal Mutual Insurance was the Authority's insurer until their demise in 1992. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle all outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent, a clawback clause would be triggered with the Authority liable to repay MMI in full or part. This Scheme of Arrangement was triggered in November 2012 and as such the Authority set aside an amount totalling £1.689M in the 2012/13 accounts. This was based on an estimate of its maximum liability at that time.

During 2013/14, a levy was imposed on all scheme creditors, including the Authority. This resulted in a total of £0.850M being repaid during 2013/14. In addition to this, a review was undertaken in 2013/14 to determine the Authority's potential liability remaining which resulted in a reversal of £0.500M to the Authority's Comprehensive Income and Expenditure account. A further £0.258M was utilised during 2015/16 which means the residual provision remaining stands at £0.081M as at 31st March 2016, in relation to MMI.

During 2016/17, a further provision of £0.100M was made in relation to outstanding claims.

South Yorkshire Trading Standards

The Authority carries a provision for the anticipated losses relating to the alleged financial irregularities in the South Yorkshire Trading Standards Service. As at 31st March 2014, this provision remained at £2.300M. In May 2014, the Authority received further information regarding a provisional settlement figure to be paid during 2014/15, equating to £1.912M for its share of the losses. The remaining provision stands at £0.388M.

Business Rate Appeals

On 1st April 2013, The Local Government Finance Act 2012 introduced the business rates retention scheme enabling local authorities to retain a proportion of the business rates generated in their area. Under the scheme, billing authorities are required to make provisions for refunding ratepayers who have appealed against the rateable value of their properties on the rating list.

At 31st March 2015 the Authority set a provision for appeals totalling £2.194M. During 2015/16, a total of £2.101M was charged against this provision reflecting appeals settled during the year. This in the main, related to successful appeals lodged by GP practices, which were backdated to 2010.

The total provision as at 31st March 2017 has been set at £5.957M, based on information provided by Analyse Local (a system developed to calculate the value of outstanding appeals using an extensive range of property and historical rating information, used by a number of local authorities across the country). The total increase in provision is therefore £4.329M, including the respective preceptors' share. This amount is shown within the Collection Fund Statement. The Authority's share of this provision as at 31st March 2016 equated to £2.919M.

Local Government Yorkshire & Humber

Local Government Yorkshire and Humber (LGYH) was the partnership of local authorities, including Police and Crime Commissioners, fire and national park authorities. It brought local authorities together on key issues, supported the improvement of service delivery, lobbied Government on the future of local government, promoted good employment practices, and worked with local authorities to improve the public perception of local government.

The decision was made by member authorities to dissolve LGYH with effect from 31st March 2015 and terminate the LGYH Admission Body Agreement with the West Yorkshire Pension Fund (WYPF).

The respective authorities decided that the exit payment due to WYPF as a result of the termination would be apportioned between each organisation. The estimate of the full exit payment is £2.4M of which £0.1M relates to Barnsley MBC's share.

Other Provisions – Section 117 Provision

On the 28th July 1999, the High Court ruled that local authorities may not charge for services provided under Section 117 of the Mental Health Act 1983. This provision relates to the possible reimbursement of charges where these have previously been levied.

**Note 35 – Contingent Liabilities**

Municipal Mutual Insurance

As highlighted above, the Authority has set aside a provision relating to a liability for the outstanding insurance claims placed with Municipal Mutual Insurance (MMI) Limited. The amount set aside is higher than the recommended amount set by MMI Ltd's insolvency scheme administrator and is therefore considered prudent to sufficiently settle the Authority's potential liability.

Termination Benefits

Following the reductions in Government funding to local authorities announced in the Comprehensive Spending Review, the Authority has a recurrent funding shortfall over the period to 2017/18.

Plans are currently being drawn up by the Authority to mitigate this funding shortfall under the "Future Council" concept.

Given that a large part of the Authority's budget relates to staffing costs, there will clearly be an impact on employee numbers and future redundancy costs. The precise number of employees and related cost is not clear at this stage.

Pension Guarantee – Berneslai Homes

The Authority guarantees the full amount of the pension fund deficit of Berneslai Homes Ltd estimated at £32.959M as at 31st March 2017 (£18.015M as at 31st March 2016), although the Authority considers it highly unlikely that this guarantee will be called in.

Pension Guarantee – Groundwork Dearne Valley

In November 2013, Groundwork Dearne Valley (GDV) was released from financial administration by accounting firm, BDO LLP. Going forward, management of GDV will be carried out by Groundwork Sheffield who continues to work closely with officers of the Authority on the long term financial recovery of GDV.

Should GDV cease, there may be a liability to the Authority linked guarantees, made in respect of the satisfaction of the South Yorkshire Pension Fund deficit attributable to organisation. This liability is currently estimated to be in the region of £1.675M.

Business Rate Appeals

As highlighted above, the Authority has included a provision of £2.919M in relation to business rates appeals outstanding as at 31st March 2017. It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Authority has therefore made no provision in the accounts in relation to un-lodged appeals.

CPO Compensation Claim

The Authority is subject to a compensation claim relating to an historic Compulsory Purchase Order (CPO) concerning the acquisition of land at Carlton Marsh in 1985. The initial proceedings have been to the Upper Tribunal which had ruled in the claimant's favour but the Authority is currently appealing this decision. A hearing is scheduled in the new financial year where the final decision will be decided. If the Authority is unsuccessful in its appeal, then the extent of the financial liability will be provided for at this point.

## Note 36 – Pensions Schemes Accounted for as Defined Contribution Schemes

Teachers' Pensions Scheme

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by Capita Business Services Ltd on behalf of the Department for Education (DfE). The scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme has in excess of 3,700 participating employers and consequently the Authority is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2016/17, the Council paid £6.148M to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.4% of pensionable pay. The figures for 2015/16 were £6.201M representing 14.1% of pensionable pay from April to August 2015 and 16.4% from September 2015 to March 2016. There were no contributions remaining payable at the year end.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 37 below.

NHS Pensions Scheme

As at 1st April 2013, the Authority took full responsibility for the Public Health function from the NHS as per The Health and Social Care Act 2012. Public Health employees were transferred to the Authority at this time under The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). In addition, from the 1st April 2016, the 0-19's group transferred to the Authority.

Public Health employees employed by the Authority are members of the NHS Pension Scheme, administered by the NHS Business Service Authority. The scheme provides employees with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Public Health employees that were transferred on the 1st April 2014 will remain in the NHS Pension Scheme. All new employees will be enrolled into the Local Government Pension Scheme.

The Scheme is a multi-employer defined benefit scheme. The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer. In 2016/17, the Council paid £0.090M to NHS Pensions in respect of Public Health employees' retirement benefits, representing 14% of pensionable pay. The comparative figures for 2015/16 were £0.034M representing 14% of pensionable pay.

## Note 37 – Defined Benefit Pension Schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the South Yorkshire Pension Fund. This is a funded scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

In addition to the funded element of the scheme, the Authority also accounts for an unfunded element in relation to discretionary benefits. These amounts have been shown as a separate column in the tables below for information.

Transactions Relating to Post-Employment Benefits

The Authority recognises the cost of retirement benefits in the reported Net Cost of Services in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement on Reserves Statement during the year:

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| Total Local Government Pension Scheme | Unfunded Discretionary Benefits Arrangements (Included in Total) | | Total Local Government Pension Scheme | Unfunded Discretionary Benefits Arrangements (Included in Total) |
| £000s | £000s | | £000s | £000s |
| | | **Comprehensive Income & Expenditure Statement:** | | |
| | | *Cost of Services :* | | |
| 21,562 | - | - Current Service Cost | 18,856 | - |
| 4 | - | - Past Service Costs | - | - |
| (7,323) | - | - Settlements & Curtailments | (1,827) | - |
| 354 | - | - Administration Expenses | 347 | - |
| | | *Financing & Investment Income & Expenditure :* | | |
| 12,054 | 1,421 | - Net Interest Cost | 11,824 | 1,455 |
| **26,651** | **1,421** | **Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services** | **29,200** | **1,455** |
| | | *Other Post Employment Benefits Charged to the Comprehensive Income & Expenditure Statement :* | | |
| | | *Re-measurement of The Net Benefit Liability Comprising:* | | |
| 18,483 | - | - Return on Plan Assets (Excluding The Amount Included In Net Interest Expense | (148,649) | - |
| - | - | - Experience (Gains) / Losses | (20,226) | (1,996) |
| - | - | - Actuarial (Gains) and Losses On Changes in Demographic Assumptions | (8,749) | (196) |
| (64,503) | (1,443) | - Actuarial (Gains) and Losses On Changes in Financial Assumptions | 299,530 | 6,413 |
| **(46,020)** | **(1,443)** | **Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure** | **121,906** | **4,221** |
| | | | | |
| **(19,369)** | **(22)** | **Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement** | **151,106** | **5,676** |

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2017 is a loss of £242.607M (£120.701M loss as at 31st March 2016).

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| Total Local Government Pension Scheme | Unfunded Discretionary Benefits Arrangements (Included in Total) | | Total Local Government Pension Scheme | Unfunded Discretionary Benefits Arrangements (Included in Total) |
| £000s | £000s | | £000s | £000s |
| | | **Movement in Reserves Statement:** | | |
| **(26,651)** | **(1,421)** | - Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code | **(29,200)** | **(1,455)** |
| | | **Actual Amount Charged Against the General Fund Balance for Pensions for the Year:** | | |
| **24,697** | **-** | Employers' Contributions Payable to Scheme | **23,965** | **-** |
| **-** | **2,626** | Retirement Benefits Payable to Pensioners | **-** | **2,572** |
| | | | | |
| **(1,954)** | **1,205** | **Net Adjustment to Surplus or Deficit for the Provision of Services** | **(5,235)** | **1,117** |

Note 6 Note 6

Pension Assets and Liabilities Recognised in the Balance Sheet

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Total Liabilities: Local Government Pension Scheme** | **Unfunded Liabilities: Discretionary Benefits Arrangements** (Included in Total) | | **Total Liabilities: Local Government Pension Scheme** | **Unfunded Liabilities: Discretionary Benefits Arrangements** (Included in Total) |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| (1,117,117) | (41,714) | Present Value of The Defined Benefit Obligation | (1,412,339) | (44,818) |
| 776,050 | - | Fair Value of Plan Assets | 944,133 | - |
| **(341,067)** | **(41,714)** | **Net Liability Arising From Defined Benefit Obligation** | **(468,206)** | **(44,818)** |
| Balance Sheet | | | Balance Sheet | |

Reconciliation of Fair Value of the Scheme (Plan) Assets

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Total Local Government Pension Scheme** | **Assets: Discretionary Benefits Arrangements** (Included in Total) | | **Total Local Government Pension Scheme** | **Assets: Discretionary Benefits Arrangements** (Included in Total) |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| **779,116** | **-** | **Opening Balance at 1st April** | **776,050** | **-** |
| 25,535 | - | Interest Income | 27,798 | - |
| - | - | *Re-measurement Gains and (Losses):* | | |
| (18,483) | - | - The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense | 148,649 | - |
| (354) | - | Administration Expenses | (347) | - |
| (1,111) | - | Settlements | (449) | - |
| 24,697 | 2,626 | Employer Contributions | 23,967 | 2,572 |
| 5,714 | - | Contributions by Scheme Participants | 5,634 | - |
| (39,064) | (2,626) | Benefits Paid | (37,169) | (2,572) |
| **776,050** | **-** | **Closing Balance at 31st March** | **944,133** | **-** |

Local Government Pension Scheme Assets Comprised:

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Fair Value of Scheme Assets** | **Percentage of Total** | | **Fair Value of Scheme Assets** | **Percentage of Total** |
| **£000s** | **%** | | **£000s** | **%** |
| 13,581 | 1.75 | Cash & Cash Equivalents | 14,917 | 1.58 |
| **13,581** | **1.75** | **Total Cash & Cash Equivalents** | **14,917** | **1.58** |
| | | Equity Instruments: | | |
| 139,922 | 18.03 | UK Quoted | 169,095 | 17.91 |
| - | | UK Unquoted | - | - |
| 307,393 | 39.61 | Overseas Quoted | 406,449 | 43.05 |
| - | - | Overseas Unquoted | | - |
| **447,315** | **57.64** | **Total Equity Instruments** | **575,544** | **60.96** |
| | | Bonds: | | |
| 310 | 0.04 | UK Government Fixed | - | - |
| 92,971 | 11.98 | UK Government Indexed | 108,953 | 11.54 |
| 21,109 | 2.72 | Overseas Government Fixed | 25,680 | 2.72 |
| - | - | Overseas Government Indexed | - | - |
| 38,337 | 4.94 | UK Other | 41,825 | 4.43 |
| 10,632 | 1.37 | Overseas Other | 16,900 | 1.79 |
| **163,359** | **21.05** | **Total Bonds** | **193,358** | **20.48** |
| | | Property: | | |
| 78,691 | 10.14 | UK Direct | 76,380 | 8.09 |
| - | - | Overseas | | - |
| 12,029 | 1.55 | Property Funds | 12,085 | 1.28 |
| **90,720** | **11.69** | **Total Property** | **88,465** | **9.37** |
| | | Private Equity (By Location): | | |
| - | - | UK | - | - |
| - | - | Overseas | - | - |
| **-** | **-** | **Total Private Equity** | **-** | **-** |
| | | Other Investment Funds: | | |
| 61,075 | 7.87 | Pooled Investment Vehicles | 71,849 | 7.61 |
| **61,075** | **7.87** | **Total Other Investment Funds** | **71,849** | **7.61** |
| | | | | |
| **776,050** | **100.00** | **Total Scheme Assets** | **944,133** | **100.00** |

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Total Liabilities: Local Government Pension Scheme** | **Unfunded Liabilities: Discretionary Benefits Arrangements** (Included in Total) | | **Total Liabilities: Local Government Pension Scheme** | **Unfunded Liabilities: Discretionary Benefits Arrangements** (Included in Total) |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| | | | | |
| **(1,164,249)** | **(44,362)** | **Opening Balance at 1st April** | **(1,117,117)** | **(41,714)** |
| (21,562) | - | Current Service Cost | (18,856) | - |
| (37,589) | (1,421) | Interest Cost | (39,622) | (1,455) |
| (5,714) | - | Contributions by Scheme Participants | (5,634) | - |
| | | *Re-measurement Gains and (Losses):* | | |
| - | - | - Experience Gains / (Losses) | 20,226 | 1,996 |
| - | - | - Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions | 8,749 | 196 |
| 64,503 | 1,443 | - Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions | (299,530) | (6,413) |
| (4) | - | Past Service (Losses) / Gains | - | - |
| (916) | - | Gains / (Losses) Curtailments | (656) | |
| 39,064 | 2,626 | Benefits Paid | 37,169 | 2,572 |
| 9,350 | - | Liabilities Extinguished on Settlements | 2,932 | - |
| | | | | |
| **(1,117,117)** | **(41,714)** | **Closing Balance at 31st March** | **(1,412,339)** | **(44,818)** |

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Mercer Human Resource Consulting Ltd, an independent firm of actuaries with estimates for the Authority fund being based on the latest full valuation of the scheme which took place on 31st March 2015 for the period 1st April 2015 to 31st March 2018.

The principal assumptions used by the actuary have been:

| 2015/16 | | 2016/17 |
|---|---|---|
| **Years** | **Mortality Assumptions:** | **Years** |
| 23.0 | Longevity at 65 for Current Pensioners (Male) | 22.9 |
| 25.7 | Longevity at 65 for Current Pensioners (Female) | 25.7 |
| 25.4 | Longevity at 65 for Future Pensioners (Male) | 25.1 |
| 28.5 | Longevity at 65 for Future Pensioners (Female) | 28.0 |
| **%** | **Other:** | **%** |
| 2.0 | Rate of CPI | 2.3 |
| 3.8 | Rate of Increase in Salaries | 3.6 |
| 2.0 | Rate of Increase in Pensions | 2.3 |
| 3.6 | Discount Rate | 2.6 |

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme I.E. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

| 2015/16 | | 2016/17 |
|---|---|---|
| **Increase in Assumption £000s** | **Impact on the Defined Benefit Obligation in the Scheme *** | **Increase in Assumption £000s** |
| (21,681) | - Longevity (Increase or Decrease in 1 Year) | (27,960) |
| (21,103) | - Rate of Inflation (Increase or Decrease by 0.1%) | (28,355) |
| (4,931) | - Rate of Increase in Salaries (Increase or Decrease by 0.1%) | (4,460) |
| 20,712 | - Rate of Discounting Scheme Liabilities (Increase or Decrease by 0.1%) | 27,796 |

* A negative figure represents an increase to the obligation whereas a positive figure represents a decrease to the obligation.

Impact on the Authority’s Cash Flows

The objectives of the scheme are to keep employers’ contributions at a as constant rate as possible. The Authority has agreed a strategy with the scheme’s actuary to achieve a funding level of 100% over the next 22 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31st March 2017 in respect of the 3 year period 2017/18 – through 2019/20.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

The Authority anticipates to pay £41.825M expected contributions to the scheme in 2017/18. This figure includes the £26M prepayment of pension deficit costs relating to the three years to 2019/20. In accounting terms, this £26M will be ‘matched’ to the period in which they were due.

The weighted average duration of the defined benefit obligation for scheme members is 20 years during 2017/18.

# STATEMENT OF ACCOUNTS 2016/17
## NOTES PRIMARILY RELATING TO THE CASHFLOW STATEMENT

### Note 38 – Cash Flow Statement – Operating Activities

Included within the cash flows for operating activities include the following items:

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| 55,118 | Interest Paid | 54,885 |
| (1,136) | Interest Received | (893) |
| (1,076) | Dividends Received | (486) |

### Note 39 – Cash Flow Statement – Investing Activities

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| 65,216 | Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets | 62,833 |
| 126 | Other Payments for Investing Activities | 75 |
| (9,752) | Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets | (11,113) |
| (14,796) | Net (Receipts) / Payments From Short Term & Long Term Investments | 7,797 |
| (19,721) | Other Receipts From Investing Activities | (24,960) |
| **21,073** | **Net Cash (Inflows) / Outflows From Investing Activities** | **34,632** |

Cash Flow

### Note 40 – Cash Flow Statement – Financing Activities

| 2015/16 £000s | | 2016/17 £000s |
|---|---|---|
| 22,555 | Net (Receipts) / Payments From Short Term & Long Term Borrowing | (31,721) |
| 1,450 | Appropriation to Collection Fund | 3,623 |
| 2 | Council Tax & NNDR Adjustment | - |
| 6,752 | Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases & On-Balance Sheet PFI Contracts | 7,582 |
| **30,759** | **Net Cash (Inflows) / Outflows From Financing Activities** | **(20,516)** |

Cash Flow

# STATEMENT OF ACCOUNTS 2016/17

## NOTES RELATING TO OTHER DISCLOSURES

### Note 41 – Trust Funds and Other Third Party Funds

The Authority acts as sole or custodian trustee for 13 trust funds and as one of several trustees for a further 24 funds. In neither case do the funds represent assets of the Authority and they have not been included in the Authority's Balance Sheet. The purpose of those major funds where the Authority acts as sole trustee are explained below:

| 2015/16 £000s | Trust Funds / Charities | Details | 2016/17 £000s |
|---|---|---|---|
| | **Sole / Custodian Trustees:** | | |
| - | Hoyland Nether Public Hall | Property left in trust to benefit the residents of Hoyland | - |
| 157 | Hoyland Nether Recreation Ground | Land left in trust to benefit the residents of Hoyland | 157 |
| 244 | Captain Allots | Assist groups / clubs in Hemingfield & Jump | 265 |
| 28 | Amenity Funds | Monies for residents of Social Services Residential Homes | 35 |
| 10 | Cutlers Charity | Relief of financial hardship within the Barnsley Borough | 10 |
| 32,727 | Penistone Grammar School – Foundation Fund | Provide special benefits not normally provided by the LEA for Penistone Grammar School | 31,862 |
| - | Others | | - |
| **33,166** | | | **32,329** |
| | **Other Funds:** | | |
| 132 | Prisoner of War Fund | Grants / Loans for the benefit of ex-service personnel | 140 |
| 86 | Goldthorpe Recreation Ground | Benefits the community of Goldthorpe | 83 |
| 71 | Others | Other Funds | 72 |
| **289** | | | **295** |
| **33,455** | **Total Capital Value of Funds** | | **32,624** |

The assets shown below represent the above fund balances:

| 2015/16 £000s | Balance Sheet at 31st March | 2016/17 £000s |
|---|---|---|
| | **Assets:** | |
| 32,322 | Fixed Assets | 31,400 |
| 519 | Investments | 581 |
| 505 | Cash | 520 |
| 109 | Other Net Assets | 123 |
| **33,455** | | **32,624** |
| | Represented by: | |
| **33,455** | **Fund Balances** | **32,624** |

# STATEMENT OF ACCOUNTS 2016/17

## SECTION 6 – SUPPLEMENTARY FINANCIAL STATEMENTS

## HOUSING REVENUE ACCOUNT – COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The HRA Comprehensive Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Central Government grants. Authorities charge rent to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

| 2015/16 £000s | | 2016/17 £000s | |
|---|---|---|---|
| | **Income** | | |
| (72,283) | Dwelling Rents (Gross) | (71,221) | |
| (361) | Non-Dwelling Rents (Gross) | (364) | |
| (1,365) | Charges for Services and Facilities | (1,581) | |
| (779) | Contributions Towards Expenditure | (805) | |
| **(74,788)** | **Total Income** | **(73,971)** | CI&ES |
| | **Expenditure** | | |
| 17,493 | Repairs & Maintenance | 18,035 | |
| 14,447 | Supervision & Management | 16,204 | |
| 205 | HRA Share of Corporate & Democratic Core | 205 | |
| 146 | Rents, Rates, Taxes & Other Charges | 174 | |
| 12,040 | Depreciation | 14,457 | Note F |
| 754 | Impairment of Bad Debts | 394 | |
| (578) | Impairment / (Reversal of Previous Years' Impairments) of Non-Current Assets | 22,074 | Note G |
| - | Exceptional Item – HRA Revaluation of Dwellings | (86,281) | Note G |
| 95 | Debt Management Cost | 95 | |
| **44,602** | **Total Expenditure** | **(14,643)** | CI&ES |
| | | | |
| **(30,186)** | **Net Cost of HRA Services as Included in the Comprehensive Income & Expenditure Statement** | **(88,614)** | CI&ES |
| | **HRA Share of Other Operating Income & Expenditure in The CI&ES** | | |
| (2,076) | (Gain) / Loss on Disposal of HRA Fixed Assets | (427) | |
| **(2,076)** | | **(427)** | |
| | **HRA Share of Financing & Investment Income & Expenditure in The CI&ES** | | |
| 11,482 | Interest Payable & Similar Charges | 11,356 | |
| (157) | Interest & Investment Income | (157) | |
| **11,325** | | **11,199** | |
| **(20,937)** | **(Surplus) / Deficit for the Year on HRA Services** | **(77,842)** | MIRS |

## MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

| 2015/16 £000s | | 2016/17 £000s | |
|---|---|---|---|
| **36,826** | **Balance on the HRA at the End of the Previous Year** | **41,333** | |
| 20,937 | Surplus or (Deficit) for the Year on the HRA Income & Expenditure Statement | 77,842 | MIRS |
| (16,430) | Adjustments Between Accounting Basis and Funding Basis Under Statute | (76,881) | Note 6 / MIRS |
| **4,507** | **Increase / (Decrease) in the Housing Revenue Account Balance** | **961** | |
| | | | |
| **41,333** | **Balance on the HRA at the End of the Current Year** | **42,294** | EFA / Note 7 |

# STATEMENT OF ACCOUNTS 2016/17

## NOTES TO THE HOUSING REVENUE ACCOUNT

### Note A – Analysis of Housing Stock as at 31st March

The number of council house dwellings held at the year end can be analysed as follows:

| 31st March 2016 | Analysis of Housing Stock | 31st March 2017 |
|---|---|---|
| 9,038 | Houses | 8,931 |
| 3,129 | Flats | 3,129 |
| 4,625 | Bungalows | 4,624 |
| 1,927 | Terraced | 1,924 |
| **18,719** | **Total** | **18,608** |

HRA Balance Sheet Information:

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Value as at 1st April £000s** | **Value as at 31st March £000s** | **Asset Category** | **Value as at 1st April £000s** | **Value as at 31st March £000s** |
| 389,338 | 402,754 | Dwellings | 402,754 | 547,756 |
| 13,738 | 19,068 | Other Land & Buildings | 19,068 | 20,763 |
| 31 | 41 | Vehicles, Plant, Furniture & Equipment | 41 | 456 |
| 372 | 264 | Infrastructure Assets | 264 | 156 |
| - | 1,950 | Assets Under Construction | 1,950 | - |
| 6,272 | - | Investment Property | - | - |
| - | - | Intangible Assets | | 93 |
| 823 | 544 | Surplus Assets | 544 | 846 |
| 45 | 90 | Assets Held for Sale | 90 | - |
| **410,619** | **424,711** | **Total** | **424,711** | **570,070** |

### Note B – Vacant Possession Value of Council Housing Stock

The vacant possession value of dwellings within the HRA as at 1st April 2016 was £1.336 Billion (1st April 2015 value: £1.291 Billion). To arrive at the Balance Sheet value of dwellings, the vacant possession value is reduced to reflect the fact that there are sitting tenants enjoying sub-market rents and tenants' rights including the Right to Buy. The adjustment factor (31%) measures the difference between market rents and sub-market rents. It shows the economic cost to Central Government of providing council housing at less than market rents.

The adjustment factor was raised during 2016/17 to 41%. The closing balance sheet position takes account of this change accordingly. Note M explains the change and its impact further.

### Note C – Analysis of the Movement on the Major Repairs Reserve

| 2015/16 £000s | Major Repairs Reserve | 2016/17 £000s | |
|---|---|---|---|
| **(609)** | **Balance Brought Forward** | **(974)** | |
| | **Credits:** | | |
| (12,040) | In Year Depreciation Charge | (14,457) | Note F |
| (7,578) | Reversal of Major Repairs Allowance Credited to the HRA | (5,843) | |
| **(19,618)** | | **(20,300)** | |
| | **Debits:** | | |
| 19,253 | Capital Expenditure for HRA Purposes | 21,190 | |
| **19,253** | | **21,190** | |
| **(974)** | **Balance to Carry Forward** | **(84)** | |

### Note D – Analysis of the Movement on the Housing Repairs Account

The Authority does not maintain a separate Housing Repairs Account.

## Note E – HRA Capital Expenditure and Capital Receipts

An analysis of capital expenditure within the HRA and sources of finance:

| 2015/16 | | Capital Financing | 2016/17 | |
|---|---|---|---|---|
| Houses £000s | Other £000s | | Houses £000s | Other £000s |
| - | - | Borrowing | - | - |
| 1,261 | - | Capital Receipts | 883 | - |
| 4,178 | - | Revenue Contributions | 4,346 | - |
| 19,254 | - | Major Repairs Allowance | 20,558 | 632 |
| 399 | - | Grants and Contributions | 799 | - |
| **25,092** | **-** | **Total Capital Expenditure Within the HRA** | **26,586** | **632** |

A summary of total capital receipts within the Authority's HRA:

| 2015/16 £000s | Capital Receipts | 2016/17 £000s |
|---|---|---|
| 5,370 | Council House Sales (Net) | 6,936 |
| 99 | Other Land | 852 |
| 120 | Other Buildings | 35 |
| - | Non Disposals | - |
| - | Mortgages and Housing Act Advances | - |
| **5,589** | **Total** | **7,823** |

## Note F - Depreciation

Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices. The table below details the depreciation charge made to the HRA in 2016/17. The Director of Finance, Assets & Information Technology has determined that for council house dwellings, the straight line depreciation method over an average useful life of 35 years is the most appropriate basis. The straight line depreciation method has also been used for non-dwelling properties in accordance with proper practices including IAS 16 principles.

| 2015/16 £000s | Depreciation | 2016/17 £000s |
|---|---|---|
| 11,522 | Council Dwellings | 13,835 |
| 389 | Other Land & Buildings | 390 |
| 21 | Vehicle, Plant, Furniture & Equipment | 117 |
| 108 | Infrastructure Assets | 108 |
| - | Surplus Assets Not Held for Sale | - |
| - | Intangible Assets | 7 |
| **12,040** | **Total** | **14,457** |

## Note G – Impairments / Revaluation Losses

The reduction in the value of HRA Property, Plant & Equipment is charged against the Housing Revenue Account line in its entirety, in accordance with the Code.

Also, in accordance with the Code, revaluation losses / impairments on HRA non dwelling assets are not reversed as part of the statutory provisions governing capital accounting and thus represent a charge on the HRA balance. In 2016/17, this charge amounted to £0.029M (£0.068M in 2015/16).

| 2015/16 £000s | Impairments / Revaluation Losses | 2016/17 £000s |
|---|---|---|
| 21,427 | Impairments / Revaluations Losses – Non-Value Adding Expenditure - Dwellings | 22,876 |
| 68 | Impairments / Revaluations Losses – Non Dwellings | 29 |
| (36) | Reversal of Previous Revaluation Losses - OLAB | (831) |
| (22,037) | Reversal of Previous Revaluation Losses - Dwellings | (86,281) |
| **(578)** | **Total** | **(64,207)** |

**Note H – Revenue Expenditure Funded from Capital Under Statute**

There was no such expenditure relating to the HRA during 2016/17 (2015/16 nil).

**Note I – HRA Subsidy**

Up to 1st of April 2012, Housing Subsidy was payable by Central Government to the HRA. This was a Government grant towards the net cost of management, rent rebates, maintenance and financing costs after deducting an assumed level of rental income. The financing costs that are taken into consideration in the subsidy calculation include capital charges, lease payments and deferred payments. The subsidy supports the difference between notional costs and income. However, the Localism Act 2011 has abolished Housing Subsidy and replaced it with a new Self-Financing regime for the HRA from 2012/13.

**Note J – Pensions Reserve**

There has been no movement on the pensions reserve in 2016/17 relating to the HRA (2015/16 nil).

**Note K – Rent Arrears**

Housing rent arrears total £2.144M as at 31st March 2017 (£2.097M as at 31st March 2016).

A bad debts provision has been made in the accounts in respect of potentially uncollectable rent. The value of the provision at 31st March 2017 is £1.074M (£1.015M as at 31st March 2016). The movement in the year comprises the value of rent arrears written off during the year totalling £0.228M (£0.531M in 2015/16) and an increase in the provision of £0.287M resulting from a review of the levels of rent arrears. Although the Authority has made a provision for potentially uncollectable debts, it is still the Authority's policy to pursue debts whilst this is economically viable.

**Note L – Income / Expenditure in the HRA directed by the Secretary of State**

There has not been any income or expenditure incurred by the HRA that required the Secretary of State's approval.

**Note M – Exceptional Items**

Increase in Regional Discount Factor Relating to Valuation of Council Dwellings

Under RICS valuation rules, the valuation of the vacant possession value of local authority dwellings assets should be adjusted to reflect the fact that there are sitting tenants enjoying sub-market rents and tenants' rights including the Right to Buy. The method in which this is done is to apply a regional discount factor to the gross valuation. Up to and including 2015/16, this regional discount factor for Yorkshire & Humber was 31%. During 2016/17, that regional factor was increased to 41% which has resulted in a significant increase in the valuations of the Council's dwellings.

This change has resulted in exceptional items through the Comprehensive Income & Expenditure Statement relating to reversals of prior year revaluation losses. Both the HRA Comprehensive Income & Expenditure Statement and Note G above show the impact of this change.

# STATEMENT OF ACCOUNTS 2016/17

## COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority, in relation to the collection from taxpayers and distribution to local authorities and Central Government of Council Tax and Non-Domestic Rates.

| 2015/16 | | | COLLECTION FUND ACCOUNT | 2016/17 | | |
|---|---|---|---|---|---|---|
| COUNCIL TAX | BUSINESS RATES | TOTAL | | COUNCIL TAX | BUSINESS RATES | TOTAL |
| £000s | £000s | £000s | | £000s | £000s | £000s |
| | | | **INCOME:** | | | |
| (95,195) | - | (95,195) | Council Tax | (100,177) | - | (100,177) |
| - | (55,209) | (55,209) | Non-Domestic Rates (Note A) | - | (57,704) | (57,704) |
| **(95,195)** | **(55,209)** | **(150,404)** | **Total Income** | **(100,177)** | **(57,704)** | **(157,881)** |
| | | | **EXPENDITURE:** | | | |
| | | | *Precepts and Demands on Collection Fund by Major Preceptors & the Authority:* | | | |
| 76,111 | 25,105 | 101,216 | BMBC (Including Parish Council Precepts) (Note C) | 78,393 | 25,764 | 104,157 |
| - | - | - | Transitional Protection Payments | - | 132 | 132 |
| 8,928 | - | 8,928 | South Yorkshire Police Authority (Note C) | 9,225 | - | 9,225 |
| 3,997 | 503 | 4,500 | South Yorkshire Fire & Civil Defence Authority (Note A / Note C) | 4,073 | 516 | 4,589 |
| **89,036** | **25,608** | **114,644** | | **91,691** | **26,412** | **118,103** |
| | | | *Non-Domestic Rates:* | | | |
| - | 25,052 | 25,052 | Payment to Central Government (Note A) | - | 25,784 | 25,784 |
| - | 270 | 270 | Cost of Collection Allowance (to BMBC) (Note A) | - | 270 | 270 |
| **-** | **25,322** | **25,322** | | **-** | **26,054** | **26,054** |
| 1,742 | 792 | 2,534 | Bad Debts Written Off | 4,074 | 907 | 4,981 |
| 1,436 | 46 | 1,482 | Increase / (Reduction) in Provision for Non-Payment of Council Tax / Business Rates | (1,633) | (327) | (1,960) |
| - | 3,133 | 3,133 | Provision for Business Rate Appeals | - | 4,329 | 4,329 |
| **3,178** | **3,971** | **7,149** | | **2,441** | **4,909** | **7,350** |
| | | | *Estimated Surplus on Collection Fund:* | | | |
| 1,151 | 97 | 1,248 | Transfer to General Fund | 1,615 | 120 | 1,735 |
| 166 | - | 166 | Transfer to South Yorkshire Police Authority | 166 | - | 166 |
| 74 | 2 | 76 | Transfer to South Yorkshire Fire & Civil Defence Authority | 74 | 2 | 76 |
| - | 99 | 99 | Central Government | - | 122 | 122 |
| **1,391** | **198** | **1,589** | | **1,855** | **244** | **2,099** |
| **93,605** | **55,099** | **148,704** | **Total Expenditure** | **95,987** | **57,619** | **153,606** |
| **(1,590)** | **(110)** | **(1,700)** | **(Surplus) / Deficit for Year** | **(4,190)** | **(85)** | **(4,275)** |
| | | | **COLLECTION FUND BALANCE:** | | | |
| **(8,262)** | **(261)** | **(8,523)** | (Surplus) / Deficit Brought Forward | **(9,852)** | **(371)** | **(10,223)** |
| **(1,590)** | **(110)** | **(1,700)** | (Surplus) / Deficit for Year | **(4,190)** | **(85)** | **(4,275)** |
| **(9,852)** | **(371)** | **(10,223)** | **(Surplus) / Deficit Carried Forward** | **(14,042)** | **(456)** | **(14,498)** |
| | | | **SHARE OF (SURPLUS) / DEFICIT BALANCE:** | | | |
| (8,423) | (210) | (8,633) | Barnsley MBC | (12,031) | (223) | (12,254) |
| (1,429) | (3) | (1,432) | Precepting Authorities | (2,011) | (5) | (2,016) |
| - | (158) | (158) | Central Government | - | (228) | (228) |
| **(9,852)** | **(371)** | **(10,223)** | **Total** | **(14,042)** | **(456)** | **(14,498)** |

# STATEMENT OF ACCOUNTS 2016/17
## NOTES TO THE COLLECTION FUND

### Note A - National Non-Domestic Rates

Non-Domestic Rates are calculated on the basis of a property's rateable value (as determined by the Valuation Office Agency) and the annual multipliers set by Central Government. The amount payable may then be subject to transitional arrangements and various reliefs (both mandatory and discretionary).

The income presented in the collection fund statement is based on the total rateable value of the local 'rating list' (adjusted for transitional arrangements and reliefs), and is based on the following values:

| | 2015/16 | 2016/17 |
|---|---|---|
| Total Rateable Value as at 31st March | £140.166M | £140.803M |
| Standard Multiplier | 0.493 | 0.497 |
| Small Business Multiplier | 0.480 | 0.484 |

Non-Domestic rates are collected locally and distributed between authorities in the following proportions:

| | % |
|---|---|
| Central Government | 50 |
| Barnsley MBC | 49 |
| South Yorkshire Fire & Rescue Authority | 1 |

### Note B – Calculation of the Council Tax Base

Council Tax is calculated on the basis of local (residential) property values and the estimated income required by the Council and its preceptors for the forthcoming year.

Each property is classified into one of nine valuation bands (A- to H) based on its estimated value at the 1st April 1991, and adjusted to reflect any discounts, reliefs or exemptions that apply. The number of properties in each valuation band is then multiplied by a specified fraction to arrive at a band D equivalent figure.

The basic charge is calculated by dividing the total Council Tax Requirement (the Council Tax demand on the Collection Fund) for the forthcoming year, by the total number of band D equivalent properties (also referred to as the Council's tax base). This amount is then multiplied by a specified fraction to arrive at the basic charge for each valuation band. The amount payable may then be subject to various discounts, reliefs or exemptions and Parish Council precepts.

The basic amount of Council Tax for a band D property in 2016/17 was £1,516.04 (£1,461.11 for 2015/16), and was based on the following tax base (60,227.750 for 2015/16):

| Band | Total No of Dwellings* | Proportion of Band D Charge | Band D Equivalent | Adjusted for Estimated Collectable Band D Equivalent (95%) |
|---|---|---|---|---|
| A- | 228 | 5/9 | 126.700 | 120.365 |
| A | 40,734 | 6/9 | 27,156.200 | 25,798.390 |
| B | 14,702 | 7/9 | 11,434.900 | 10,863.155 |
| C | 11,204 | 8/9 | 9,959.200 | 9,461.240 |
| D | 7,810 | 9/9 | 7,810.100 | 7,419.595 |
| E | 3,304 | 11/9 | 4,037.800 | 3,835.910 |
| F | 1,299 | 13/9 | 1,876.300 | 1,782.485 |
| G | 572 | 15/9 | 952.900 | 905.255 |
| H | 23 | 18/9 | 45.000 | 42.750 |
| | **79,876** | | **63,399.100** | **60,229.145** |

* Total number of chargeable dwellings (adjusted for discounts), rounded to nearest whole property.

### Note C – Precepts and Demands on the Collection Fund

| 2015/16 £000s | Demand per Collection Fund | 2016/17 £000s |
|---|---|---|
| 75,583 | BMBC | 78,012 |
| 528 | Parish Precepts | 381 |
| 8,928 | Police Authority | 9,225 |
| 3,997 | Fire & Civil Defence Authority | 4,073 |
| **89,036** | **Total Precepts** | **91,691** |

# STATEMENT OF ACCOUNTS 2016/17

## GROUP ACCOUNTS

## THE GROUP MOVEMENT IN RESERVES STATEMENT

| **Movement in Reserves During 2016/17** | General Fund Balance | Housing Revenue Account | Berneslai Homes - Retained Surplus | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | **Total Useable Reserves** | **Berneslai Homes - Pensions Reserve** | **Total Unusable BMBC Reserves** | **Total Authority Reserves** |
|---|---|---|---|---|---|---|---|---|---|---|
| | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Balance of Reserves at 1st April 2016** | **116,127** | **41,333** | **8,793** | **13,443** | **974** | **5,136** | **185,806** | **(18,015)** | **(190,429)** | **(22,638)** |
| **Total Comprehensive Expenditure & Income** | (22,625) | 77,842 | 706 | - | - | - | **55,923** | **(13,404)** | **(32,046)** | **10,473** |
| **Adjustments Between Accounting Basis & Funding Basis Under Regulations** | 28,523 | (76,881) | 1,540 | (2,035) | (890) | (1,356) | **(51,099)** | **(1,540)** | **52,639** | **-** |
| **Net Increase / (Decrease) in 2016/17** | **5,898** | **961** | **2,246** | **(2,035)** | **(890)** | **(1,356)** | **4,824** | **(14,944)** | **20,593** | **10,473** |
| **Balance of Reserves at 31st March 2017** | **122,025** | **42,294** | **11,039** | **11,408** | **84** | **3,780** | **190,630** | **(32,959)** | **(169,836)** | **(12,165)** |

| **Movement in Reserves During 2015/16** | General Fund Balance | Housing Revenue Account | Berneslai Homes Retained Surplus | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied Reserve | **Total Useable Reserves** | **Berneslai Homes Pensions Reserve** | **Total Unusable BMBC Reserves** | **Total Authority Reserves** |
|---|---|---|---|---|---|---|---|---|---|---|
| | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| **Balance of Reserves at 1st April 2015** | **92,972** | **36,826** | **7,270** | **25,593** | **609** | **3,949** | **167,219** | **(21,200)** | **(226,309)** | **(80,290)** |
| **Total Comprehensive Expenditure & Income** | (34,175) | 20,937 | (425) | - | - | - | **(13,663)** | **5,133** | **66,182** | **57,652** |
| **Adjustments Between Accounting Basis & Funding Basis Under Regulations** | 57,330 | (16,430) | 1,948 | (12,150) | 365 | 1,187 | **32,250** | **(1,948)** | **(30,302)** | **-** |
| **Net Increase / (Decrease) in 2015/16** | **23,155** | **4,507** | **1,523** | **(12,150)** | **365** | **1,187** | **18,587** | **3,185** | **35,880** | **57,652** |
| **Balance of Reserves at 31st March 2016** | **116,127** | **41,333** | **8,793** | **13,443** | **974** | **5,136** | **185,806** | **(18,015)** | **(190,429)** | **(22,638)** |

# STATEMENT OF ACCOUNTS 2016/17

## THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| 2015/16 | | | | 2016/17 | | |
|---|---|---|---|---|---|---|
| Gross Expenditure £000s | Gross Income £000s | Net Expenditure £000s | | Gross Expenditure £000s | Gross Income £000s | Net Expenditure £000s |
| | | | **Net Cost of Services:** | | | |
| 243,191 | (177,317) | 65,874 | People | 243,085 | (158,978) | 84,107 |
| 80,408 | (24,085) | 56,323 | Place | 72,144 | (23,716) | 48,428 |
| 13,702 | (69,102) | (55,400) | Housing Revenue Account | 35,748 | (68,491) | (32,743) |
| - | - | - | Exceptional Item – HRA Revaluation of Dwellings | (86,281) | - | (86,281) |
| 28,504 | (15,996) | 12,508 | Communities | 31,079 | (14,168) | 16,911 |
| 6,689 | (5,114) | 1,575 | Public Health | 8,423 | (5,950) | 2,473 |
| 130,296 | (132,250) | (1,954) | Core Services | 144,862 | (134,959) | 9,903 |
| 21,716 | (13,531) | 8,185 | Corporate Services | 18,506 | (14,781) | 3,725 |
| 29,132 | (4,153) | 24,979 | Berneslai Homes | 29,368 | (252) | 29,116 |
| **553,638** | **(441,548)** | **112,090** | **Net Cost of Services** | **496,934** | **(421,295)** | **75,639** |
| | | | **Other Operating Income & Expenditure:** | | | |
| 623 | - | 623 | Parish Council Precepts | 471 | - | 471 |
| 1,728 | - | 1,728 | Payments to Central Government Housing Capital Receipts Pool | 1,682 | - | 1,682 |
| 4,867 | (9,339) | (4,472) | (Gains) / Losses on The Disposal of Non-Current Assets | 8,433 | (10,722) | (2,289) |
| - | (221) | (221) | (Gains) / Losses on The Non Disposal of Non-Current Assets | - | (135) | (135) |
| 41,025 | - | 41,025 | Exceptional Item – Loss on Disposal of Non-Current Assets Relating to School Transfers | 9,752 | - | 9,752 |
| **48,243** | **(9,560)** | **38,683** | **Total Other Operating Expenditure** | **20,338** | **(10,857)** | **9,481** |
| | | | **Financing & Investment Income & Expenditure:** | | | |
| 20,946 | (27) | 20,919 | Interest Payable on Debt | 20,456 | (19) | 20,437 |
| 62 | - | 62 | Interest Element of Finance Leases | 44 | - | 44 |
| 22,279 | - | 22,279 | Interest Payable on PFI Unitary Payments | 22,314 | - | 22,314 |
| 12,745 | - | 12,745 | Net Interest on The Defined Benefit Liability / Asset | 12,439 | - | 12,439 |
| - | (794) | (794) | Investment Interest Income | - | (902) | (902) |
| - | (594) | (594) | Dividends Receivable | - | (486) | (486) |
| - | (10) | (10) | Interest Received on Finance Leases | - | (10) | (10) |
| 14,578 | (15,088) | (510) | (Surplus) / Deficit of Trading Undertakings or Other Operations | 4,307 | (5,465) | (1,158) |
| 2 | - | 2 | Subsidiary Taxation | (2) | - | (2) |
| **70,612** | **(16,513)** | **54,099** | **Total Financing & Investment Income & Expenditure** | **59,558** | **(6,882)** | **52,676** |

Continued overleaf.

# STATEMENT OF ACCOUNTS 2016/17

## THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

| 2015/16 | | | | 2016/17 | | |
|---|---|---|---|---|---|---|
| **Gross Expenditure £000s** | **Gross Income £000s** | **Net Expenditure £000s** | | **Gross Expenditure £000s** | **Gross Income £000s** | **Net Expenditure £000s** |
| | | | **Taxation & Non Specific Grant Income:** | | | |
| - | (14,106) | (14,106) | Recognised Capital Grants & Contributions | - | (21,404) | (21,404) |
| - | (2,477) | (2,477) | Section 31 Grant – Small Business Rate Relief (SBRR) | - | (2,028) | (2,028) |
| - | (44,746) | (44,746) | Revenue Support Grant (RSG) | - | (34,560) | (34,560) |
| - | (78,712) | (78,712) | Council Tax | - | (83,630) | (83,630) |
| - | (24,733) | (24,733) | Business Rates Retention Scheme – Locally Retained | - | (25,442) | (25,442) |
| - | (26,435) | (26,435) | Business Rates Retention Scheme – Top Up Grant | - | (26,655) | (26,655) |
| **-** | **(191,209)** | **(191,209)** | **Total Taxation & Non Specific Grant Income** | **-** | **(193,719)** | **(193,719)** |
| | | | | | | |
| **672,493** | **(658,830)** | **13,663** | **(Surplus) / Deficit on Provision of Services** | **576,830** | **(632,753)** | **(55,923)** |
| | | | **Other Comprehensive Income & Expenditure:** | | | |
| - | (20,049) | (20,049) | (Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets | - | (89,899) | (89,899) |
| - | (113) | (113) | (Surplus) or Deficit on Revaluation of Available for Sale Financial Assets | 39 | - | 39 |
| - | (51,153) | (51,153) | Actuarial (Gains) / Losses on Pension Assets / Liabilities | 121,906 | 13,404 | 135,310 |
| **-** | **(71,315)** | **(71,315)** | **Other Comprehensive Income & Expenditure** | **121,945** | **(76,495)** | **45,450** |
| | | | | | | |
| **672,493** | **(730,145)** | **(57,652)** | **Total Comprehensive Income & Expenditure** | **698,775** | **(709,248)** | **(10,473)** |

# STATEMENT OF ACCOUNTS 2016/17

## GROUP BALANCE SHEET AS AT 31st MARCH 2017

| 2015/16 £000s | | 2016/17 £000s | 2016/17 £000s |
|---|---|---|---|
| | **NON-CURRENT ASSETS** | | |
| | **Property Plant and Equipment:** | | |
| 402,754 | - Council Dwellings | 547,756 | |
| 398,564 | - Other Land & Buildings | 400,330 | |
| 6,494 | - Vehicles, Plant, Furniture & Equipment | 4,846 | |
| 242,304 | - Infrastructure Assets | 248,838 | |
| - | - Community Assets | - | |
| 5,334 | - Assets Under Construction | - | |
| 1,501 | - Surplus Assets | 5,289 | |
| **1,056,951** | | | **1,207,059** |
| 10,427 | Heritage Assets | 10,427 | |
| 2,159 | Intangible Assets | 2,064 | |
| 13,899 | Long Term Investments | 11,874 | |
| 3,712 | Long Term Debtors | 3,009 | |
| **30,197** | | | **27,374** |
| **1,087,148** | **Total Non-Current Assets** | | **1,234,433** |
| | **CURRENT ASSETS** | | |
| 4,780 | Assets 'Held for Sale' | 3,028 | |
| 5,066 | Short Term Investments | 17,027 | |
| 1,665 | Inventories | 1,784 | |
| 51,129 | Short Term Debtors | 51,972 | |
| (15,090) | Impairment of Short Term Debtors | (13,089) | |
| - | Corporation Tax Asset | 2 | |
| 18,779 | Cash & Cash Equivalents | 51,276 | |
| **66,329** | **Total Current Assets** | | **112,000** |
| **1,153,477** | **TOTAL ASSETS** | | **1,346,433** |
| | **CURRENT LIABILITIES** | | |
| (43,773) | Short Term Borrowing | (77,188) | |
| (9,104) | Other Short Term Liabilities | (8,657) | |
| (30,765) | Short Term Creditors | (44,413) | |
| (2) | Corporation Tax Liability | - | |
| (2,082) | Provisions | (3,420) | |
| (8,107) | Capital Grants Receipts in Advance | (11,243) | |
| (1,362) | Revenue Grants Receipts in Advance | (1,647) | |
| - | Bank Overdraft | - | |
| **(95,195)** | **Total Current Liabilities** | | **(146,568)** |
| | **LONG TERM LIABILITIES** | | |
| (481,663) | Long Term Borrowing | (479,557) | |
| (235,568) | Other Long Term Liabilities | (226,916) | |
| (4,607) | Long Term Provisions | (4,392) | |
| (359,082) | Retirement Benefit Obligations | (501,165) | |
| **(1,080,920)** | **Total Long Term Liabilities** | | **(1,212,030)** |
| **(1,176,115)** | **TOTAL LIABILITIES** | | **(1,358,598)** |
| **(22,638)** | **NET ASSETS** | | **(12,165)** |

Continued overleaf

## GROUP BALANCE SHEET AS AT 31st MARCH 2017 (CONTINUED)

| 2015/16 £000s | | 2016/17 £000s | 2016/17 £000s |
|---|---|---|---|
| | **USEABLE RESERVES:** | | |
| 116,127 | - General Fund | 122,025 | |
| 41,333 | - Housing Revenue Account | 42,294 | |
| 8,793 | - Berneslai Homes Retained Surplus | 11,039 | |
| 13,443 | - Useable Capital Receipts Reserve | 11,408 | |
| 974 | - Major Repairs Reserve | 84 | |
| 5,136 | - Capital Grant Unapplied Reserve | 3,780 | |
| **185,806** | **TOTAL USEABLE RESERVES** | | **190,630** |
| | **UNUSABLE RESERVES:** | | |
| 80 | - Available for Sale Financial Instruments Reserve | 40 | |
| 57,329 | - Capital Adjustment Account | 122,498 | |
| 64 | - Deferred Capital Receipts Reserve | 63 | |
| (12,903) | - Financial Instruments Adjustment Account | (12,246) | |
| (341,067) | - BMBC Pensions Reserve | (468,206) | |
| (18,015) | - Berneslai Homes Pensions Reserve | (32,959) | |
| 99,230 | - Revaluation Reserve | 179,857 | |
| (1,795) | - Accumulated Absences Account | (4,097) | |
| 8,633 | - Collection Fund Adjustment Account | 12,255 | |
| **(208,444)** | **TOTAL UNUSABLE RESERVES** | | **(202,795)** |
| | | | |
| **(22,638)** | **TOTAL RESERVES** | | **(12,165)** |

# STATEMENT OF ACCOUNTS 2016/17

## GROUP CASH FLOW STATEMENT

| 2015/16<br>£000s | | 2016/17<br>£000s | 2016/17<br>£000s |
|---|---|---|---|
| **13,663** | **Net (Surplus) / Deficit on Provision of Services** | | **(55,923)** |
| | **Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:** | | |
| (48,944) | - Depreciation & Impairment | 11,155 | |
| (3,902) | - Pension Fund Adjustments | (6,775) | |
| (45,892) | - Carrying Amount of Non-Current Assets Sold | (18,185) | |
| (585) | - (Increase) / Decrease in Provisions | (1,123) | |
| (168) | - Increase / (Decrease) in Inventories | 118 | |
| (1,104) | - Increase / (Decrease) in Debtors | (1,430) | |
| 12,076 | - (Increase) / Decrease in Creditors | (7,639) | |
| 676 | - Other Non-Cash Adjustments | 667 | |
| **(87,843)** | | | **(23,212)** |
| | **Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:** | | |
| 14,106 | - Capital Grants Recognised Through Comprehensive Income & Expenditure Statement | 21,404 | |
| 9,751 | - Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets | 11,112 | |
| **23,857** | | | **32,516** |
| **(50,323)** | **Net Cash (Inflow) / Outflow From Operating Activities** | | **(46,619)** |
| 21,325 | **Net Cash (Inflow) / Outflow From Investing Activities** | | 34,638 |
| 30,759 | **Net Cash (Inflow) / Outflow From Financing Activities** | | (20,516) |
| **1,761** | **Net (Increase) / Decrease in Cash & Cash Equivalents** | | **(32,497)** |

| | | |
|---|---|---|
| **20,540** | **Cash & Cash Equivalents as at 1st April** | **18,779** |
| (1,761) | Net Increase / (Decrease) in Cash & Cash Equivalents | 32,497 |
| **18,779** | **Cash & Cash Equivalents as at 31st March** | **51,276** |
| | **Made Up Of The Following Elements:** | |
| 291 | Cash Held By The Authority | 197 |
| 1,622 | Bank Current Accounts | 3,790 |
| 16,866 | Short Term Deposits With Financial Institutions | 47,289 |
| **18,779** | **Total Cash & Cash Equivalents** | **51,276** |

## NOTES TO THE GROUP ACCOUNTS

### Note A – Critical Judgements

The Council has reviewed its relationship and interest with external organisations and concludes that it does have an interest in subsidiaries, associated companies and joint ventures that are material both individually and in aggregate and therefore a set of Group Accounts has been prepared. This consideration has been made under the provisions of IFRS 10 ('Consolidated Financial Statements') and IFRS 11 ('Joint Arrangements') as required by the Code.

### Note B – Group Boundary

A review has been undertaken by the Council considering all companies in which it has an interest. The interests in these bodies have been analysed to consider whether the Council has the potential to control or influence the bodies' operating and financial policies. Entities identified to be included within the group's boundary are detailed below:

Berneslai Homes Ltd

Berneslai Homes Ltd is a 100% wholly owned company of the Council and is an Arm's Length Management Organisation responsible for managing homes on behalf of the Authority. Specifically, it is responsible for managing all the landlord services for the Authority's 18,608 homes including rent collection, arrears recovery, repairs and maintenance, dealing with empty properties and all tenancy matters.

Financial Year End - Berneslai Homes Ltd shares the same financial year of the Authority (1st April – 31st March).

Consolidation Method - The accounts of Berneslai Homes Ltd have been consolidated on a line by line basis with intra-group balances and transactions being eliminated in full on consolidation as per the Code.

Other Subsidiaries

The Council also 100% owns three other trading companies, namely BMBC Services Ltd, Independent Living at Home Ltd and Independent Living at Home (Barnsley) Ltd. Whilst the Authority considers these companies as falling within the group boundary in respect of control, these companies are deemed not material to the group position and are therefore not consolidated in the Group Accounts. For information on these companies, Note 19 refers.

### Note C - Expenditure & Income Analysed By Nature

The Group's expenditure and income is analysed as follows:

| **Expenditure / Income** | **2015/16** | **2016/17** |
|---|---|---|
| | **£000s** | **£000s** |
| **Expenditure:** | | |
| Employee Benefits Expenses | 197,883 | 202,928 |
| Other Services Expenses | 319,540 | 305,745 |
| Support Service Recharges | - | - |
| Depreciation, Amortisation, Impairment | 50,795 | (7,434) |
| Interest Payments | 56,032 | 55,253 |
| Precepts & Levies | 623 | 471 |
| Payments to Housing Capital Receipts Pool | 1,728 | 1,682 |
| Write Out NBV Relating to the Disposal of Assets | 45,892 | 18,185 |
| **Total Expenditure** | **672,493** | **576,830** |
| **Income:** | | |
| Fees, Charges & Other Service Income | (181,697) | (140,861) |
| Interest & Investment Income | (1,399) | (650) |
| Income From Council Tax & Non-Domestic Rates | (103,445) | (109,047) |
| Government Grants & Contributions | (362,730) | (371,338) |
| Sale Proceeds Relating to the Disposal of Assets | (9,559) | (10,857) |
| **Total Income** | **(658,830)** | **(632,753)** |
| | | |
| **Surplus or Deficit on the Provision of Services** | **13,663** | **(55,923)** |

**Note D - Officers' Remuneration & Exit Packages**

The table below sets out the remuneration disclosures for Senior Officers of the Group (as defined in Local Authority Accounting Panel Bulletin 85) whose salary is equal to or more than £50,000 per year:

| Post | 2016/17 | | | | |
|---|---|---|---|---|---|
| | **Salary** | **Redundancy / Severance** | **Expenses / Allowances** | **Pension Contributions** | **Total Remuneration** |
| | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| Diana Terris – Chief Executive | 155 | - | 1 | 20 | 176 |
| Executive Director – People | 125 | - | 1 | 16 | 142 |
| Executive Director – Place | 121 | - | 2 | 16 | 139 |
| Executive Director – Communities | 109 | - | - | 14 | 123 |
| Executive Director – Public Health | 104 | - | - | 15 | 119 |
| Frances Foster - Director – Finance, Assets & IT **A** | 125 | 92 | - | 89 | 306 |
| Julia Bell - Director – Human Resources, Performance & Communications **B** | 79 | 82 | - | 27 | 188 |
| Director of Legal & Governance | 105 | - | - | 14 | 119 |
| Berneslai Homes Directors **C** | | | | | 471 |
| | | | | | |

Notes:

**A** Post holder left their post on 31st March 2017. Pension contributions for the year include pension strain costs of £72k. The salary cost includes £20k honoraria for the post holder's duties with SIGOMA.
**B** Post holder left their post on 31st December 2016. Pension contributions for the year include pension strain costs of £17k.
**C** Berneslai Homes do not have a requirement to publish this information in their statement of accounts on an individual basis as per UK GAAP Standard FRS 102.

| Post | 2015/16 | | | | |
|---|---|---|---|---|---|
| | **Salary** | **Redundancy / Severance** | **Expenses / Allowances** | **Pension Contributions** | **Total Remuneration** |
| | **£000s** | **£000s** | **£000s** | **£000s** | **£000s** |
| Diana Terris – Chief Executive | 154 | - | 1 | 20 | 175 |
| Executive Director – People | 124 | - | - | 16 | 140 |
| Executive Director – Place | 118 | - | 2 | 15 | 135 |
| Executive Director – Communities – Up to August 2015 **A** | 52 | - | - | 7 | 59 |
| Executive Director – Communities – From September 2015 **A** | 61 | - | - | 8 | 69 |
| Executive Director - Public Health | 103 | - | - | 15 | 118 |
| Director - Finance, Assets & IT | 104 | - | - | 13 | 117 |
| Director – Human Resources, Performance & Communications | 104 | - | - | 13 | 117 |
| Director of Legal & Governance | 104 | - | - | 13 | 117 |
| Berneslai Homes Directors **B** | | | | | 454 |
| | | | | | |

Notes:

**A** Post holder left in August 2015 and was replaced internally in September 2015.
**B** Berneslai Homes do not have a requirement to publish this information in their statement of accounts on an individual basis as per UK GAAP Standard FRS 102.

**Note E - Financial Instruments**

The following categories of financial instrument are carried in the Balance Sheet:

| 31st March 2016 | | | 31st March 2017 | |
|---|---|---|---|---|
| **Long Term £000s** | **Short Term £000s** | | **Long Term £000s** | **Short Term £000s** |
| | | **Investments :** | | |
| 2,388 | 5,066 | Loans & Receivables | 2,393 | 17,027 |
| - | 16,866 | Loans & Receivables – Cash Equivalents * | - | 47,289 |
| 2,431 | - | Unquoted Equity Investment at Cost | 2,431 | - |
| 9,080 | - | Available For Sale Financial Assets | 7,050 | - |
| **13,899** | **21,932** | **Total Investments** | **11,874** | **64,316** |
| | | **Loans & Receivables** | | |
| - | - | Mortgages & Rents | - | - |
| 3,648 | 702 | Loans | 2,946 | 676 |
| 64 | - | Finance Lease Receivable | 63 | - |
| **3,712** | **702** | **Total Loans & Receivables **** | **3,009** | **676** |
| | | **Borrowings :** | | |
| (481,663) | (43,773) | Financial Liabilities at Amortised Cost | (479,557) | (77,188) |
| **(481,663)** | **(43,773)** | **Total Borrowings** | **(479,557)** | **(77,188)** |

***** The total Short Term Investments figure in the table above includes Cash Equivalents of £47.289M in 2016/17 (£16.866M in 2015/16), which are included within the 'Cash & Cash Equivalents' figure in the Balance Sheet, rather than within 'Short Term Investments'.

** The total Short Term Loans & Receivables figures in the table above is included within the 'Short Term Debtors' figure in the Balance Sheet.

**Note F - Creditors**

| 31st March 2016 £000s | | 31st March 2017 £000s |
|---|---|---|
| (1,850) | Central Government Bodies | (4,090) |
| (1,017) | Other Local Authorities | (906) |
| (905) | NHS Bodies | (798) |
| - | Public Corporations & Trading Funds | - |
| (26,993) | Other Entities & Individuals | (38,619) |
| **(30,765)** | **Total** | **(44,413)** |

# STATEMENT OF ACCOUNTS 2016/17

**Note G - Defined Benefit Pension Schemes**

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Total Local Government Pension Scheme** | **Unfunded Discretionary Benefits Arrangements** (Included in Total) | | **Total Local Government Pension Scheme** | **Unfunded Discretionary Benefits Arrangements** (Included in Total) |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| | | **Comprehensive Income & Expenditure Statement:** | | |
| | | *Cost of Services :* | | |
| 24,509 | - | - Current Service Cost | 21,613 | - |
| 30 | - | - Past Service Costs | - | - |
| (7,323) | - | - Settlements & Curtailments | (1,827) | - |
| 403 | - | - Administration Expenses | 397 | - |
| | | *Financing & Investment Income & Expenditure :* | | |
| 12,745 | 1,442 | - Net Interest Cost | 12,439 | 1,476 |
| | | | | |
| **30,364** | **1,442** | **Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services** | **32,622** | **1,476** |
| | | *Other Post Employment Benefits Charged to the Comprehensive Income & Expenditure Statement :* | | |
| | | *Re-measurement of The Net Benefit Liability Comprising:* | | |
| 20,641 | - | - Return on Plan Assets (Excluding The Amount Included In Net Interest Expense | (164,830) | - |
| - | - | - Experience (Gains) / Losses | (19,458) | (2,000) |
| - | - | - Actuarial (Gains) and Losses On Changes in Demographic Assumptions | (8,749) | (196) |
| (71,794) | (1,463) | - Actuarial (Gains) and Losses On Changes in Financial Assumptions | 328,347 | 6,493 |
| | | | | |
| **(51,153)** | **(1,463)** | **Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure** | **135,310** | **4,297** |
| | | | | |
| **(20,789)** | **(21)** | **Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement** | **167,932** | **5,773** |

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Total Local Government Pension Scheme** | **Unfunded Discretionary Benefits Arrangements** (Included in Total) | | **Total Local Government Pension Scheme** | **Unfunded Discretionary Benefits Arrangements** (Included in Total) |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| | | **Movement in Reserves Statement:** | | |
| **(30,364)** | **(1,442)** | - Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with the Code | **(32,622)** | **(1,476)** |
| | | **Actual Amount Charged Against the General Fund Balance for Pensions for the Year:** | | |
| **26,462** | **-** | Employers' Contributions Payable to Scheme | **23,965** | **-** |
| **-** | **2,658** | Retirement Benefits Payable to Pensioners | **-** | **2,572** |
| | | | | |
| **(3,902)** | **1,216** | **Net Adjustment to Surplus or Deficit for the Provision of Services** | **(8,657)** | **1,096** |

Pension Assets and Liabilities Recognised in the Balance Sheet

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Total Liabilities: Local Government Pension Scheme** | **Unfunded Liabilities: Discretionary Benefits Arrangements** (Included in Total) | | **Total Liabilities: Local Government Pension Scheme** | **Unfunded Liabilities: Discretionary Benefits Arrangements** (Included in Total) |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| | | | | |
| (1,222,960) | (42,299) | Present Value of The Defined Benefit Obligation | (1,553,363) | (45,468) |
| 863,878 | - | Fair Value of Plan Assets | 1,052,198 | - |
| | | | | |
| **(359,082)** | **(42,299)** | **Net Liability Arising From Defined Benefit Obligation** | **(501,165)** | **(45,468)** |

Reconciliation of Fair Value of the Scheme (Plan) Assets

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Total Local Government Pension Scheme** | **Assets: Discretionary Benefits Arrangements** (Included in Total) | | **Total Local Government Pension Scheme** | **Assets: Discretionary Benefits Arrangements** (Included in Total) |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| | | | | |
| **865,313** | **-** | **Opening Balance at 1st April** | **863,878** | **-** |
| | | | | |
| 28,481 | - | Interest Income | 30,977 | - |
| | | *Re-measurement Gains and (Losses):* | | |
| (20,641) | - | - The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense | 164,830 | - |
| (403) | - | Administration Expenses | (397) | - |
| (1,111) | - | Settlements | (449) | - |
| 26,462 | 2,658 | Employer Contributions | 25,849 | 2,604 |
| 6,523 | - | Contributions by Scheme Participants | 6,462 | - |
| (40,746) | (2,658) | Benefits Paid | (38,952) | (2,604) |
| | | | | |
| **863,878** | **-** | **Closing Balance at 31st March** | **1,052,198** | **-** |

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

| 2015/16 | | | 2016/17 | |
|---|---|---|---|---|
| **Total Liabilities: Local Government Pension Scheme** | **Unfunded Liabilities: Discretionary Benefits Arrangements** (Included in Total) | | **Total Liabilities: Local Government Pension Scheme** | **Unfunded Liabilities: Discretionary Benefits Arrangements** (Included in Total) |
| **£000s** | **£000s** | | **£000s** | **£000s** |
| | | | | |
| **(1,271,646)** | **(44,978)** | **Opening Balance at 1st April** | **(1,222,960)** | **(42,299)** |
| | | | | |
| (24,509) | - | Current Service Cost | (21,613) | - |
| (41,226) | (1,442) | Interest Cost | (43,416) | (1,476) |
| (6,523) | - | Contributions by Scheme Participants | (6,462) | - |
| | | *Re-measurement Gains and (Losses):* | | |
| - | - | - Experience Gains / (Losses) | 19,458 | 2,000 |
| - | - | - Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions | 8,749 | 116 |
| 71,794 | 1,463 | - Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions | (328,347) | (6,413) |
| (30) | - | Past Service (Losses) / Gains | - | - |
| (916) | - | Gains / (Losses) Curtailments | (656) | - |
| 40,746 | 2,658 | Benefits Paid | 38,952 | 2,604 |
| 9,350 | - | Liabilities Extinguished on Settlements | 2,932 | - |
| | | | | |
| **(1,222,960)** | **(42,299)** | **Closing Balance at 31st March** | **(1,553,363)** | **(45,468)** |

# STATEMENT OF ACCOUNTS 2016/17
## SECTION 7 – GLOSSARY OF TERMS

### ACCOUNTING STANDARDS

The Code is based on approved accounting standards and also reflects specific statutory accounting requirements. Compliance with the Code is therefore necessary (except in exceptional circumstances) in order that an authority's accounts give a 'true and fair' view of the financial position, financial performance and cash flows of the authority.

The requirements of International Financial Reporting Standards (IFRS) and other pronouncements by the International Accounting Standards Board in effect for accounting periods commencing on or before 1 January 2015 (as adopted by the EU) apply unless specifically adapted by the Code.

IFRS's are considered a "principles based" set of standards in that they establish broad rules as well as dictating specific treatments.

International Financial Reporting Standards comprise:

- International Accounting Standards (IAS);
- International Financial Reporting Standards (IFRS);
- International Financial Reporting Interpretations Committee (IFRIC); and
- Standing Interpretations Committee (SIC).

A further set of interpretations, specifically for the Public Sector, are International Public Sector Accounting Standards (IPSAS).

There are also some UK GAAP accounting standards that remain relevant to Local Authorities as they have no equivalent standard under IFRS and the Code interprets them accordingly.

The paragraphs below give a brief description of the accounting standards that are referred to in CIPFA's Code of Practice. Where relevant, interpretations have been grouped with the standard that they are interpreting.

International Accounting Standards (IAS)

| Accounting Standard | Description |
|---|---|
| **IAS 1** – Presentation of Financial Statements | IAS 1 prescribes the basis for presentation of general purpose financial statements to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities. It sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. |
| **IAS 2** – Inventories | The objective of IAS 2 is to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognised as an asset and carried forward until the related revenues are recognised. |
| **IAS 7** – Statement of Cash Flows | The objective of IAS 7 is to require the provision of information about the historical changes in cash and cash equivalents of an entity by means of a statement of cash flows which classifies cash flows during the period from operating, investing and financing activities. |
| **IAS 8** – Accounting Policies, Changes in Accounting Estimates and Errors | IAS 8 prescribes the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements and the comparability of those financial statements over time and with the financial statements of other entities. |
| **IAS 10** – Events After the Reporting Period | The objective of IAS 10 is to prescribe when an entity should adjust its financial statements for events after the reporting period and the disclosures that an entity should give about the date when the financial statements were authorised for issue and about events after the reporting period. |
| **IAS 11** – Construction Contracts | The objective of IAS 11 is to prescribe the accounting treatment of revenue and costs associated with construction contracts. Due to the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. |
| **IAS 12** – Income Taxes | IAS 12 prescribes the accounting treatment for income taxes. |
| **IAS 16** – Property, Plant and Equipment | The objective of IAS 16 is to prescribe the accounting treatment for property, plant and equipment so that users of the financial statements can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them. |
| **IAS 17** – Leases | The objective of IAS 17 is to prescribe, for lessees and lessors, the appropriate accounting policies and disclosure to apply in relation to leases. The classification of leases adopted in this Standard is based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. |

| Accounting Standard | Description |
|---|---|
| **IAS 18** – Revenue | The primary issue in accounting for revenue is determining when to recognise it. Revenue is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. This Standard identifies the circumstances in which these criteria will be met and, therefore, revenue will be recognised. It also provides practical guidance on the application of these criteria. |
| **IAS 19** – Employee Benefits | The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits. |
| **IAS 20** – Accounting for Government Grants and Disclosure of Government Assistance | IAS 20 shall be applied in accounting for, and in the disclosure of, government grants and in the disclosure of other forms of government assistance. |
| **IAS 21** – Effects of Changes in Foreign Exchange Rates | The objective of IAS 21 is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. The principal issues are which exchange rate(s) to use and how to report the effects of changes in exchange rates in the financial statements. |
| **IAS 23** – Borrowing Costs | IAS 23 prescribes that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense. Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. |
| **IAS 24** – Related Party Disclosures | The objective of IAS 24 is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties. |
| **IAS 26** – Retirement Benefit Plans | IAS 26 shall be applied in the financial statements of retirement benefit plans where such financial statements are prepared. |
| **IAS 27** – Consolidated and Separate Financial Statements | The objective of IAS 27 is to enhance the relevance, reliability and comparability of the information that a parent entity provides in its separate financial statements and in its consolidated financial statements for a group of entities under its control. |
| **IAS 28** – Investments in Associates | IAS 28 shall be applied in accounting for investments in associates. |
| **IAS 29** – Financial Reporting in Hyperinflationary Economies | The objective of IAS 29 is to establish specific standards for entities reporting in the currency of a hyperinflationary economy, so that the financial information provided is meaningful. |
| **IAS 31** – Interests in Joint Ventures | IAS 31 shall be applied in accounting for interests in joint ventures and the reporting of joint venture assets, liabilities, income and expenses in the financial statements of venturers and investors, regardless of the structures or forms under which the joint venture activities take place. |
| **IAS 32 -** Financial Instruments: Presentation | The objective of IAS 32 is to establish principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. |
| **IAS 36** – Impairment of Assets | IAS 36 prescribes the procedures that an entity applies to ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. |
| **IAS 37** – Provisions, Contingent Liabilities and Assets | The objective of IAS 37 is to ensure that appropriate recognition criteria and measurement bases are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount. |
| **IAS 38** – Intangible Assets | The objective of IAS 38 is to prescribe the accounting treatment for intangible assets that are not dealt with specifically in another Standard. This Standard requires an entity to recognise an intangible asset if, and only if, specified criteria are met. The Standard also specifies how to measure the carrying amount of intangible assets and requires specified disclosures about intangible assets. |
| **IAS 39 -** Financial Instruments: Recognition & Measurement | The objective of IAS 39 is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. |
| **IAS 40** – Investment Property | IAS 40 prescribes the accounting treatment for investment property and related disclosure requirements. |
| **IAS 41** – Agriculture | The objective of IAS 41 is to establish standards of accounting for agricultural activity – the management of the biological transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). |

# STATEMENT OF ACCOUNTS 2016/17

International Financial Reporting Standards (IFRS)

| Accounting Standard | Description |
|---|---|
| **IFRS 1** – First-Time Adoption of International Financial Reporting Standards | The objective of IFRS 1 is to ensure that an entity's first IFRS financial statements and its interim financial reports for part of the period covered by those financial statements, contain high quality information that is transparent for users and comparable over all periods presented and also provides a suitable starting point for accounting in accordance with International Financial Reporting Standards (IFRS's). |
| **IFRS 3** – Business Combinations | The objective of IFRS 3 is to specify the financial reporting by an entity when it undertakes a business combination. A business combination is the bringing together of separate entities or businesses into one reporting entity |
| **IFRS 4** – Insurance Contracts | The objective of IFRS 4 is to specify the financial reporting for insurance contracts by any entity that issues such contracts (described in this IFRS as an insurer). |
| **IFRS 5** – Non-Current Assets Held for Sale and Discontinued Operations. | The objective of IFRS 5 is to specify the accounting treatment for assets held for sale, and the presentation and disclosure of discontinued operations. |
| **IFRS 6** – Exploration for and Evaluation of Mineral Resources | The objective of this IFRS is to specify the financial reporting arrangements for the exploration for and evaluation of mineral resources. |
| **IFRS 7** – Financial Instruments: Disclosures | IFRS 7 identifies requirements for disclosing information about financial instruments. |
| **IFRS 8** – Operating Segments | The objective of this IFRS is to ensure that an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. |
| **IFRS 10 -** Consolidated Financial Statements | The objective of this IFRS is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. |
| **IFRS 11 -** Joint Arrangements | The core principle of this IFRS is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. |
| **IFRS 12 -** Disclosure in Other Entities | The objective of this IFRS is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. |
| **IFRS 13 -** Fair Value Measurement | The objective of this IFRS is to provide a clear definition of fair value, set out in a single IFRS, a framework for measuring fair value and the requirements for disclosures about fair value measurements. |

Standing Interpretations Committee (SIC)

| Accounting Standard | Description |
|---|---|
| **SIC 12 -** Consolidation - Special Purpose Entities | SIC-12 addresses when a special purpose entity should be consolidated by a reporting enterprise under the consolidation principles in IAS 27. |
| **SIC 15 -** Operating Leases: Incentives | SIC-15 clarifies the recognition of incentives related to operating leases by both the lessee and lessor. The Interpretation indicates that lease incentives (such as rent-free periods or contributions by the lessor to the lessee's relocation costs) should be considered an integral part of the consideration for the use of the leased asset. |
| **SIC 25 -** Income Taxes: Changes in the Tax Status of an Entity or its Shareholders | A change in the tax status of an enterprise or its shareholders, e.g. due to an initial public offering or restructuring, does not give rise to increases or decreases in the pre-tax amounts recognised directly in equity. Therefore, SIC-25 concludes that the current and deferred tax consequences of the change in tax status should be included in net profit or loss for the period. |
| **SIC 27 -** Evaluating the Substance of Transactions Involving The Legal Form of a Lease | Among the provisions of SIC- 27 is the accounting arrangements for arrangements between an enterprise and an investor should reflect the substance of the arrangement. All aspects of the arrangement should be evaluated to determine its substance, with weight given to those aspects and implications that have an economic effect. |
| **SIC 29 -** Disclosure - Service Concession Arrangements | SIC-29 prescribes the information that should be disclosed in the notes to the financial statements of a concession operator and a concession provider when the two parties are joined by a service concession arrangement. A service concession arrangement exists when an enterprise (the concession operator) agrees with another enterprise (the concession provider) to provide services that give the public access to major economic and social facilities. |
| **SIC 31 -** Barter Transactions involving Web Site Costs | Under SIC-31, revenue from a barter transaction involving advertising cannot be measured reliably at the fair value of advertising services received. However, a seller can reliably measure revenue at the fair value of the advertising services it provides in a barter transaction. |
| **SIC 32 -** Intangible Assets: Web Site Costs | SIC-32 concludes that a website developed by an entity using internal expenditure, whether for internal or external access, is an internally generated intangible asset that is subject to the requirements of IAS 38 - Intangible Assets. |

International Financial Reporting Interpretations Committee (IFRIC)

| Accounting Standard | Description |
|---|---|
| **IFRIC 1 -** Changes in Existing Decommissioning, Restoration & Similar Liabilities | IFRIC 1 contains guidance on accounting for changes in decommissioning, restoration and similar liabilities that have previously been recognised both as part of the cost of an item of property, plant and equipment under IAS 16 and as a provision (liability) under IAS 37. |
| **IFRIC 3 -** Emissions Rights | IFRIC 3 focuses on the accounting to be adopted by participants in a 'cap and trade' scheme in respect of carbon emissions, although some of its requirements might be relevant to other schemes that are also designed to encourage reduced levels of emissions and share some of the features of a cap and trade scheme. |
| **IFRIC 4** – Determining Whether an Arrangement Contains a Lease. | The objective of IFRIC 4 is to specify criteria by which an arrangement, that does not take the legal form of a lease but which convey rights to use assets in return for a payment or series of payments, is to be assessed. An arrangement that meets the criteria or contains a lease that should be accounted for in accordance with IAS 17 - Leases. |
| **IFRIC 5 -** Rights to Interest Arising From Decommissioning, Restoration & Environmental Rehabilitation Funds | IFRIC 5 discusses how a contributor should account for its interest in a fund and when a contributor has an obligation to make additional contributions, how the obligation should be accounted for. |
| **IFRIC 6 -** Liabilities Arising From Participating in a Specific Market-Waste Electrical & Electronic Equipment | IFRIC 6 addresses the arrangements where an entity has an obligation to contribute to waste management costs based on its share of the market in a measurement period and highlights what is the event under IAS 37 that gives rise to a liability. |
| **IFRIC 7 -** Applying the Restatement Approach Under IAS 29 - Financial Reporting in Hyperinflationary Economies | IFRIC 7 contains guidance on how an entity would restate its financial statements in the first year it identifies the existence of hyperinflation in the economy of its functional currency. |
| **IFRIC 9 -** Reassessment of Embedded Derivatives | IFRIC 9 addresses whether IAS 39 requires such an assessment to be made only when the entity first becomes a party to the hybrid contract, or whether the assessment be reconsidered throughout the life of the contract. It also dictates whether a first-time adopter of IFRSs should make its assessment on the basis of the conditions that existed when the entity first became a party to the contract, or those prevailing when the entity adopts IFRSs for the first time. |
| **IFRIC 12** – Service Concession Arrangements | IFRIC 12 sets out the accounting treatment of service concessions. Service concessions primarily involve a private sector organisation utilising / constructing a fixed asset and providing services from that asset, on behalf of a public sector organisation. The accounting treatment of these assets is determined by the actual substance of the concession, in terms of which party holds effective control throughout the term, rather than legal ownership of those assets. |
| **IFRIC 14 -** The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (IAS 19 - Employee Benefits) | IFRIC 14 addresses the interaction between a minimum funding requirement and the limit stipulated by IAS 19 on the measurement of the defined benefit asset or liability. When determining the limit on a defined benefit asset in accordance with IAS 19, under IFRIC 14, entities are required to measure any economic benefits available to them in the form of refunds or reductions in future contributions at the maximum amount that is consistent with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan. |
| **IFRIC 16 -** Hedges of a Net Investment in a Foreign Operation | IFRIC 16 clarifies that the presentation currency does not create an exposure to which an entity may apply hedge accounting, that the hedging instrument(s) may be held by any entity or entities within the group and that while IAS 39 must be applied to determine the amount that needs to be reclassified to profit or loss from the foreign currency translation reserve in respect of the hedging instrument, IAS 21 must be applied in respect of the hedged item. |

UK GAAP

| Accounting Standard | Description |
|---|---|
| **FRS 30 -** Heritage Assets | The objective of this FRS is to ensure that enhanced disclosures apply to all heritage assets, regardless of whether they are reported in the Balance Sheet and that where information is available on cost or value, heritage assets are reported in the Balance Sheet. |
| **SSAP 5 -** Accounting for Value Added Tax | In the UK, VAT is a tax on the supply of goods and services that is eventually borne by the final consumer but collected at each stage of the production and distribution chain. As a general principle, therefore, the treatment of VAT in the accounts of a trader should reflect his role as a collector of the tax and VAT should not be included in income or in expenditure whether of a capital or revenue nature. There will, however, be circumstances in which a trader will bear the VAT, and in such cases where the VAT is irrecoverable, it should be included in the cost of the items reported in the financial statements. |

International Public Sector Accounting Standards (IPSAS)

| Accounting Standard | Description |
|---|---|
| **IPSAS 1 -** Presentation of Financial Statements | Public Sector interpretation of IAS 1 (see above). |
| **IPSAS 2 -** Cash Flow Statements | Public Sector interpretation of IAS 7 (see above). |
| **IPSAS 3 -** Accounting Policies, Changes in Accounting Estimates and Errors | Public Sector interpretation of IAS 8 (see above). |
| **IPSAS 4 -** Effects of Changes in Foreign Exchange Rates | Public Sector interpretation of IAS 21 (see above). |
| **IPSAS 5 -** Borrowing Costs | Public Sector interpretation of IAS 23 (see above). |
| **IPSAS 6 -** Consolidated and Separate Financial Statements | Public Sector interpretation of IAS 27 (see above). |
| **IPSAS 7 -** Investments in Associates | Public Sector interpretation of IAS 28 (see above). |
| **IPSAS 8 -** Interests in Joint Ventures | Public Sector interpretation of IAS 31 (see above). |
| **IPSAS 9 -** Revenue From Exchange Transactions | The objective of IPSAS 9 is to prescribe the accounting treatment for revenue arising from exchange transactions and events. |
| **IPSAS 10 -** Financial Reporting in Hyperinflationary Economies | Public Sector interpretation of IAS 29 (see above). |
| **IPSAS 11 -** Construction Contracts | Public Sector interpretation of IAS 11 (see above). |
| **IPSAS 12 -** Inventories | Public Sector interpretation of IAS 2 (see above). |
| **IPSAS 13 -** Leases | Public Sector interpretation of IAS 17 (see above). |
| **IPSAS 14 -** Events After the Reporting Period | Public Sector interpretation of IAS 10 (see above). |
| **IPSAS 16 -** Investment Property | Public Sector interpretation of IAS 40 (see above). |
| **IPSAS 17 -** Property, Plant and Equipment | Public Sector interpretation of IAS 16 (see above). |
| **IPSAS 19 -** Provisions, Contingent Liabilities and Assets | Public Sector interpretation of IAS 37 (see above). |
| **IPSAS 20 -** Related Party Disclosures | Public Sector interpretation of IAS 24 (see above). |
| **IPSAS 21 -** Impairment of Non Cash Generating Assets | The objective of IPSAS 21 is to ensure that non cash-generating assets are carried at no more than their recoverable service amount, and to prescribe how recoverable service amount is calculated. |
| **IPSAS 23** – Revenue From Non-Exchange Transactions (Taxes & Transfers) | IPSAS 23 addresses recognition and measurement of revenue from taxes, recognition of revenue from transfers, which include grants from other governments and international organisations, gifts and donations and how conditions and restrictions on the use of transferred resources are to be reflected in the financial statements. |
| **IPSAS 25 -** Employee Benefits | Public Sector interpretation of IAS 19 (see above). |
| **IPSAS 26 -** Impairment of Cash Generating Assets | The objective of IPSAS 26 is to prescribe the procedures that an entity applies to determine whether a cash-generating asset is impaired and to ensure that impairment losses are recognised. This standard also specifies when an entity shall reverse an impairment loss and prescribes disclosures. |
| **IPSAS 27 -** Agriculture | Public Sector interpretation of IAS 41 (see above). |
| **IPSAS 28 -** Financial Instruments: Presentation | Public Sector interpretation of IAS 32 (see above). |
| **IPSAS 29 -** Financial Instruments: Recognition & Measurement | Public Sector interpretation of IAS 39 (see above). |
| **IPSAS 30 -** Financial Instruments: Disclosures | Public Sector interpretation of IFRS 7 (see above). |
| **IPSAS 31 -** Intangible Assets | Public Sector interpretation of IAS 38 (see above). |
| **IPSAS 32 -** Service Concession Arrangements: Grantor | The objective of IPSAS 32 is to prescribe the accounting for service concession arrangements by the grantor, a public sector entity. |

## KEY DEFINITIONS

| Terms Used | Definition of Terms |
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| **Accrual** | The accruals concept requires that the cost or benefit of a transaction is shown in the period in which the goods or services are received or provided, rather than when the cash is paid or received. |
| **Actuarial Basis** | The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation. |
| **Amortisation** | The term used to describe the charge made for the cost of using intangible assets. The charge for the year will represent the consumption of economic benefit. |
| **Asset** | Right or other access to future economic benefits. |
| **Budgets** | A statement of the Authority’s forecast spend - i.e. net revenue expenditure for the year. |
| **Capital Expenditure** | Expenditure on the acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing non-current asset. |
| **Capital Grant** | A grant that is intended to fund capital expenditure. |
| **Capital Receipts** | Proceeds or money received from the sale of land or other capital assets. |
| **Carbon Reduction Commitment** | Cap and trade scheme aimed at improving the impact of local authority carbon emissions. |
| **Community Assets** | These are assets that the Authority intends to hold in perpetuity, which have an indeterminable useful life and in addition, may have restrictions on their disposal. Examples include parks, historic buildings and cemeteries. |
| **Community Schools** | Schools which the Authority operates, employ the staff and normally owns and maintains the land and buildings. |
| **Comprehensive Spending Review (CSR)** | A governmental process in the carried out by HM Treasury firm expenditure limits and, through public service agreements and define the key improvements that the public can expect from these resources. |
| **Contingent Liability** | A condition which exists at the Balance Sheet date, which may arise in the future but where the outcome will be confirmed only on the occurrence or non-occurrence of one or more future events. |
| **Defined Benefit Scheme** | Also known as a final salary scheme. Pension scheme arrangement where the benefits payable to members are determined by the scheme rules. In most cases, there is a compulsory members' contribution but over and above this, all costs of meeting the quoted benefits are the responsibility of the employer. |
| **Depreciation** | The measure of the wearing out, consumption, or other reduction in the economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes. |
| **De-recognition** | The process upon assets are no longer deemed to be controlled by the Authority either by sale, demolition or any other form of disposal. |
| **Earmarked Reserves** | Reserve balances that have been set aside for future spending in a specific service area. |
| **Exceptional Item** | Events which are material in terms of the Authority's overall expenditure and are not expected to recur frequently or regularly. |
| **Fair Value** | Usually the amount that would be paid for an asset in an active market. However, where there is no market for a certain asset e.g. a school, other methods to determine fair value are used. |
| **Finance Lease** | A method of acquiring non-current assets where under the lease agreement all the risks and rewards of ownership of a fixed asset are substantially transferred to the Authority, in return for rental payments to the legal owner of the asset. |
| **Non-Current Assets** | These are tangible assets used by the Authority in the provision of services that yield benefits to the Authority for a period of more than one year. |
| **General Fund Services** | This comprises all services provided by the Authority with the exception of services relating to the provision of local Authority housing which are accounted for in the Housing Revenue Account. The net cost of General Fund services is met by Council Tax, Government Grants and Non-Domestic Rates. |
| **Historic Cost** | This represents the original cost of acquisition, construction or purchase of a non-current asset. |
| **Housing Revenue Account** | This account includes all revenue expenditure and income relating to the provision, maintenance and administration of Authority housing. It is a statutory requirement that the account be maintained separately (‘ringfenced’) from General Fund services. |
| **IFRS** | ‘International Financial Reporting Standards’ (IFRS) are statements issued by the International Accounting Standards Board (IASB) that seek to ensure consistency in the treatment of accounting issues. |
| **Impairment** | A reduction in the value of a non-current asset caused by general changes in market values or consumption of economic benefits. |
| **Infrastructure Assets** | These are inalienable assets (i.e. assets where ownership cannot be transferred) from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths and bridges. |
| **Intangible Assets** | Non Current Assets which do not have physical form, such as software. |
| **Liabilities** | An obligation to transfer economic benefits. |
| **Major Repairs Allowance** | A revenue grant received which is used to finance major housing repairs. |
| **Major Repairs Reserve** | The Major Repairs Reserve (MRR) is a reserve established in 2001/02 to which the Authority’s Major Repairs Allowance is transferred. The balance on the MRR is used to finance major housing repairs in future years. |
| **Materiality** | Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statement as a whole. |
| **Minimum Revenue Provision** | This is the minimum amount that must be charged to the Authority’s Comprehensive Income and Expenditure Statement each year to provide for the repayment of loans used to finance capital expenditure. The minimum amount is a percentage of the total Capital Financing Requirement. |
| **Net Current Replacement Cost** | This represents the cost of replacing or recreating a particular asset in its existing condition and in its existing use. That is the cost of replacing an asset, adjusted to reflect the current condition of the existing asset. |
| **Net Realisable Value** | The open market value of an asset in its existing use less any expenses incurred in realising the asset. |
| **Non-Distributed Costs** | The value of revenue operating expenditure that is not able to be apportioned to one of the Authority's service areas. |
| **Non-Domestic Rates** | These are business rates collected locally by the Authority but paid into a national pool. The rates are subsequently redistributed by Central Government as a grant to fund local authority services. |
| **Operating Lease** | A lease other than a finance lease. |
| **Operational Assets** | These are non-current assets held and occupied, used or consumed by the Authority in the direct delivery of those services for which it has a responsibility. |

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| **Precepts** | The proportion of total Council Tax that is due to local parishes and various authorities e.g. the Police, Fire and Civil Defence Authorities and which is collected on their behalf by the Authority. |
| **Private Finance Initiative (PFI)** | A Government initiative that enables, through the provision of financial support, authorities to carry out capital projects through partnership with the private sector. |
| **Provisions** | Potential costs that the Authority may incur in future years, based on a past event which is likely to be incurred and a reliable estimate can be made. |
| **Public Works Loan Board** | A Government agency that provides long term loans to local authorities at interest rates lower than prevailing market rates. |
| **Recharges** | The transfer of costs within the Authority from one account to another to reflect work undertaken on behalf of another service. |
| **Recognition** | The process upon which assets are deemed to belong to the Authority either by means of purchase, construction or other form of acquisition. |
| **Reserves** | Revenue reserves are amounts set aside from balances to meet specific items of future expenditure. Certain other reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent useable resources for the Authority. |
| **Revenue Contributions** | A method of financing capital expenditure through the Comprehensive Income and Expenditure Statement. |
| **Revenue Expenditure** | This represents day to day running costs incurred in the provision of Authority services. Such costs include employee costs and supplies and services. |
| **Revenue Support Grant** | A grant paid to the Authority by Central Government to finance the Authority's general expenditure 'needs' and not specific services, after taking into account the level of Council Tax and NNDR income. |
| **Service Expenditure Reporting Code of Practice (SERCOP)** | Establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities. |
| **Useful Economic Life** | The period which as asset is expected to be useful to the Authority in its current state. |
| **Value Added Tax (VAT)** | National taxation charged on goods and services. |
| **Voluntary Aided Schools** | Schools which are generally religious or faith schools where the governing body employs the staff and sets the admission criteria. Land and buildings are normally owned by a charitable foundation. |
| **Voluntary Controlled Schools** | Schools which the Authority run in terms of employing staff, setting admission criteria and maintaining land and buildings. The ownership of such assets usually resides with a charity who appoints members to the governing body. |
| **Working Balances** | This represents the accumulated surplus (excess of income over expenditure) on the Authority's revenue accounts (i.e. General Fund and Housing Revenue Account). |